

FRANCHISE DISCLOSURE DOCUMENT



The Array Group, LLC
a California limited liability company
2990 S. Sepulveda, Suite 208
Los Angeles, CA 90064
213-669-5151
<https://arrayskin.com/>
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The franchisee will manage a medical dermatology clinic specializing in the treatment of various autoimmune skin conditions using an advanced, effective phototherapy treatment. The Clinic will be operated under the trademark ARRAY SKIN THERAPY, and our other related tradename, trademarks, or logos. We provide services to franchisees including assistance with training, operations, and advertising.

The total initial investment necessary to begin operation of an ARRAY SKIN THERAPY Clinic ranges from \$139,000 to \$195,000. This includes \$55,000 that must be paid to us or our affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Kristen Miller, 2990 S. Sepulveda, Suite 208, Los Angeles, CA 90064, 213-669-5151.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)", which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

The issuance date of this Franchise Disclosure Document is April 19, 2023.

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits B and C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit I includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only ARRAY SKIN THERAPY business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an ARRAY SKIN THERAPY franchisee?	Item 20 or Exhibits B and C list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. We do not have a federal registration for our principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark with my increase your expenses.
3. You must make minimum royalty payments. If you fail to do so, the franchisor could terminate your franchise agreement and you could lose your investment.
4. FINANCIAL CONDITION – The franchisor’s financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor’s financial ability to provide services and support to you.
5. Short operating history – The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN
FRANCHISE INVESTMENT LAW

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this

subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL. Any questions regarding the notice should be delivered to the Department of the Attorney General, Department of Licensing and Regulatory Affairs, Corporations, Securities and Commercial Licensing Bureau, 2501 Woodlake Circle, Okemos, MI 48864, Telephone: (517) 241-6470.

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Exhibits:

- Exhibit A: Federal and State Regulatory Authorities
- Exhibit B: Current Franchisees
- Exhibit C: Former Franchisees
- Exhibit D: Franchise Agreement (with attachments)
- Exhibit E: Management Services Agreement (with attachments)
- Exhibit F: Waiver of Management Services Agreement
- Exhibit G: State Addenda
- Exhibit H: Table of Contents for Operations Manual
- Exhibit I: Financial Statements
- Exhibit J: SBA Addendum
- Exhibit K: General Release
- Exhibit L: Receipt

ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor. The Array Group, LLC is the franchisor and is referred to as “us,” “our,” “we,” “ARRAY SKIN THERAPY,” or “ARRAY” in this Franchise Disclosure Document. “You” means the person or business entity (including a corporation, partnership, limited liability company or other legal entity) that is the franchisee and signs a Franchise Agreement (Exhibit D) with us. Whether a management services organization or professional entity is the Franchisee, the Franchisee must be a business entity. Therefore, “you” and “your” refer to the business entity and its owners.

Our principal place of business is at 2990 S. Sepulveda, Suite 208, Los Angeles, CA 90064. We conduct business under the trade name “ARRAY SKIN THERAPY” or “ARRAY.” We are a California limited liability company organized on September 28, 2021. Exhibit A contains the identities and principal business addresses of our agents for service of process in certain states. We are not engaged in any business other than offering ARRAY SKIN THERAPY franchises. We began offering franchises in 2022. We have not conducted business, and we have not and do not offer franchises, in any other lines of business. We do not operate any Clinics, however, our affiliate does.

Our Predecessors, Parents and Affiliates. We have no parents or predecessors.

Our affiliate, Array Management, LLC was organized on July 8, 2011, under the laws of the state of California and shares our principal place of business. This entity owns and operates five ARRAY SKIN THERAPY clinics in California, specifically in the following cities: Mission Viejo, Newport Beach, Los Angeles, Redondo Beach, and Placentia. Array Management, LLC owned the intellectual property, including the trademarks, that we will license to you. Array Management, LLC does not offer nor has ever offered franchises.

The Franchise Offered. We have developed a system (“System”) relating to the development, management, and administration of medical phototherapy clinics operating under the Marks. The ARRAY SKIN THERAPY medical phototherapy clinics, which we refer to in this Franchise Disclosure Document as “Clinics” are facilities that offer medical phototherapy services focusing on treatment for psoriasis, vitiligo, eczema, and other autoimmune skin disorders. Clinics will be able to provide safe, noninvasive, and effective treatments for people who suffer from common skin conditions. The phototherapy treatment delivers a precise Narrowband UVB light in the 308-312 nm range. This treatment is generally available for all ages and covered by many insurance plans. Medical phototherapy does not require pills, injections, or other medications as part of the treatment. Additionally, subject to the laws in your state, nurse practitioners may be able to prescribe treatment on-site at the Clinic, without the patient needing to obtain a different medical referral.

Clinics must operate according to the System. The System includes the right to use the mark ARRAY SKIN THERAPY in the operation of a Clinic, standards for building design and layouts, equipment and inventory standards and specifications, specifications for the scope of professional services available at Clinics, and similar types of standards and policies; all of which we may modify at any time.

To keep Clinics distinctive and competitive, we offer distinctive branding; training on managing a Clinic; and advertising and promotional programs to promote the ARRAY SKIN THERAPY brand name to consumers.

Your role in providing, hiring, or supervising the professionals who provide the medical phototherapy services will vary depending upon the laws in your jurisdiction and the qualifications of your owners.

In most cases, we anticipate that the franchisee will be a “lay” (non-professional) management services organization or “MSO,” i.e., not a person with a medical or nursing license, or a professional corporation or professional limited liability company (collectively, a “PC”).

In circumstances where the MSO is the franchisee, the MSO will enter into a Franchise Agreement with us and will enter into a Management Services Agreement (a sample form of which is attached as Exhibit E) with a PC that furnishes the Clinical Staff who render medical phototherapy services at the Clinic. The term “Clinical Staff” refers collectively to the physicians, dermatologists, nurse practitioners, or registered nurses, who are licensed and qualified to offer medical phototherapy services in the jurisdiction where the Clinic operates that actually render medical phototherapy services at your Clinic. The PC, not the franchisee, will employ or contract with and control all Clinical Staff. We must approve the PC.

We expect that most Clinical Staff will be licensed nurses. However, laws of your jurisdiction or third-party payors may require that the Clinical Staff and the providing of medical phototherapy services are overseen by, or offered in collaboration with, a licensed physician. Such laws or third-party payors may further require that the licensed physician be a board-certified dermatologist. You must comply with these laws or requirements. The designated physician who fulfills this role is the “Medical Director.” We do not require that the Medical Director be an owner of the PC or the MSO, but applicable law may require this. Subject to state law, the Medical Director may be an employee of or an independent contractor of the PC or, if permitted, of the MSO. If you have a Medical Director, he or she will be considered one of the “Clinical Staff.” The degree of involvement of the Medical Director in the operations of the Clinic is subject to law and the conditions of third-party payors. Regardless of whether you have Medical Director or operate with only other types of Clinical Staff, all medical services must be provided in a professional and safe manner. We do not require you to have a Medical Director unless it is required by state law or a third party payor. We must approve the Medical Director.

The MSO will provide a range of business services to the ARRAY SKIN THERAPY Clinics, including but not limited to the following services: general business management and planning; bookkeeping, accounting, and financial management; reporting; management information services including patient scheduling; billing and collection services; administering cash disbursements accounts payable; advice regarding licensing, permits, and Clinical Staff credentialing; human resource support; providing IT systems and support; administration of all third parties, including insurance companies and plans; recruitment assistance; payroll services; arranging for services necessary for business operations; providing advertising and marketing services; assistance in negotiating contracts and managing supply relationships; maintain files and patient records; file annual reports and tax documents; advice regarding and procurement of insurance; management of the inbound and outbound sales processes; assistance with patient retention and communication. The franchisee will also lease or purchase, upfit, and maintain the premises and will purchase or lease the equipment for the Clinic.

The lay MSO franchisee is responsible for finding a professional entity and/or medical professional(s) to provide services at the Clinic and to be the PC. We are neither responsible for nor obligated to assist you in identifying an existing medical practice, medical professional, or professional business entity to serve as the PC for the Clinic. We do not find medical practices for our franchisees.

If you can demonstrate to us that applicable laws in the state where your Clinic is located permit the same entity to own and manage a Clinic and render medical phototherapy services to patients of the

Clinic, then “you,” the franchisee, may be owned and operated by the PC and the PC will enter into the Franchise Agreement. Under these circumstances, you must sign a Waiver of Management Services Agreement in the form of Exhibit F.

Neither the System nor any of the contracts that you sign with us allow us to, and we do not, regulate or control the manner in which Clinical Staff or the PCs exercise independent professional judgment or render patient care services at Clinics. The PC will be solely responsible for and have full authority and control over the practice of medical phototherapy services, including: (i) the control of a patient’s medical records; (ii) the selection, oversight, and hiring/firing of Clinical Staff; (iv) final decisions regarding coding and billing procedures for patient care services; (v) approving of the selection of medical equipment and medical supplies; (vi) the determination of fees for such care, goods and services; (vii) diagnostic tests, treatment plans, clinical necessity and course of care; (viii) hours of operation and scheduling of patients and Clinical Staff; (ix) referring patients to other medical providers; (x) equipment and supplies used in treating each patient; and (xi) any and all other matters included within the definition of “medicine” or “nursing” under the applicable law in your jurisdiction.

To operate a Clinic, you will enter into a Franchise Agreement with us. When the franchisee is an MSO, you will also enter into a Management Services Agreement with a PC that will employ or retain the Clinical Staff that render medical phototherapy services at the Clinic. We have provided a sample form of Management Services Agreement in Exhibit E. You may negotiate the Management Services Agreement with the PC, but the final form of agreement is subject to our prior written approval.

The Franchisee must designate one individual as the “Operating Owner.” The Operating Owner is the person with whom we will communicate on all major policy, financial, management and operational matters, and the only person from your business entity that we will recognize as having authority to communicate for you and your business entity.

Industry-Specific Regulations. You are responsible for operating the Clinic in full compliance with all laws that apply to your ARRAY SKIN THERAPY Clinic. The dermatology and medical industries are heavily regulated. Federal, state and local laws, rules and regulations address the following subject areas: the practice of medicine, the practice of nursing, and the operation and licensing of medical, nursing, dermatology, and phototherapy services; the relationship of providers and suppliers of health care services; federal and state anti-kickback laws; restrictions or prohibitions on the corporate practice of medicine and nursing and fee splitting; provider self-referral restrictions; privacy of patient records (including the Health Insurance Portability and Accountability Act of 1996); use of medical devices and equipment; telemedicine; and advertising of medical services. You are responsible for researching the various state and federal laws related to the practice of medicine and nursing, treatments, tests, or screenings, fees, and referrals.

The practice of medicine and nursing is subject to extensive professional licensing and registration, both of the individual physicians and nurses, and their business entities. You must secure and maintain in force all required licenses, permits, and certificates relating to the operation of the Clinic and the other licenses applicable to Clinic employees. You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files. You must comply with all state and local laws and regulations regarding the operation of a Clinic.

Summarized below are two of the federal healthcare laws that deal with fraud and abuse and may impact the flow of remuneration between patient referral sources and health care entities providing

services or items. States also have their own fraud and abuse statutes with which you may need to comply, including anti-kickback statutes that may have broader applicability than the federal statutes, which are often related exclusively to health care services or items reimbursable by federal health care programs.

Stark Law. The Stark Law (42 U.S.C. Section 1395nn and the corresponding regulations) is a federal civil statute that in general: (i) prohibits certain providers from making referrals of Medicare or Medicaid patients for designated health services (“DHS”) (as defined in the Stark Law) to an entity in which the provider, or an immediate family member of the provider, has an ownership or investment interest or other type of financial relationship; and (ii) prohibits entities that furnish DHS from presenting or causing to be presented claims or bills to any individual, third party payor, or other entity, for DHS pursuant to a prohibited referral. Sanctions for violations of the Stark Law can include denial of federal government program payments; refund requirements; civil monetary penalties; and exclusion from the Medicare program. Additional civil penalties may be triggered by schemes designed to circumvent the statute or by failure to meet certain reporting requirements. Investigations and certain findings may also serve as a basis for the imposition criminal penalties under other laws.

Anti-Kickback Statute. The federal Anti-Kickback Statute (42 U.S.C. Section 1320a-7b(b)) makes it a criminal offense to knowingly and willfully offer, pay, solicit, or receive any remuneration to induce referrals of items or services reimbursable by federal health care programs, including the Medicare and Medicaid programs. Where remuneration is paid purposefully to induce referrals of items or services paid for by a federal health care program, the federal Anti-kickback Statute is violated. By its terms, the federal Anti-Kickback Statute ascribes criminal liability to parties on both sides of an impermissible “kickback” transaction. For purposes of the federal Anti-Kickback Statute, “remuneration” includes the transfer of anything of value, in cash or in-kind, directly or indirectly, covertly or overtly. Violation of the federal Anti-Kickback Statute constitutes a felony punishable by a monetary fine, imprisonment, or both. Conviction will also lead to automatic exclusion from federal health care programs, including Medicare and Medicaid. Additionally, another agency may initiate administrative proceedings to impose civil monetary penalties.

Additionally, if you participate in governmental payor programs, you will be solely responsible for complying with all laws, rules, regulations, and conditions for participation. Laws that may be applicable if you choose to participate in governmental payor programs are as follows:

(a) The False Claims Act (31 U.S.C. § § 3729-3733) protects the federal government from being overcharged for goods and services and relates to submitting claims for payment to federal governmental payor programs.

(b) The federal Anti-Kickback statute and Stark Law described above.

(c) States may also have anti-kickback statutes that prevent payments for referrals. State laws are not necessarily applicable just to governmental payor programs.

(d) States have also enacted variations of the Stark Law and prohibit healthcare providers from referring patients to entities with whom the providers have a financial relationship.

(e) The Exclusion Statute (42 U.S.C. § 1320a-7) prohibits individuals with certain criminal convictions, licensure issues, professional competence and performance issues, etc. from participating in governmental payor program.

(f) Other state and federal laws may prohibit a healthcare provider from splitting a professional fee with a non-healthcare business in exchange for a referral.

(g) Laws, rules, regulations, and policies will also determine what services or items are reimbursable by governmental payor programs.

Your state will have a medical board and nursing board that determine rules and for their respective members (whom we include in the category of Clinical Staff) and the scope of services that may legally be offered by those members. The laws and regulations generally include requirements for the medical providers to hold required state licenses and registrations to work as medical providers in the state where the Clinic will be operated, and to hold required certifications by, or registrations in, any applicable professional association or registry. These laws and regulations are likely to vary from state to state, and these may change from time to time.

State laws may also require that the PC be owned, at least in part, or controlled by a licensed physician. You should verify that any PC with which you sign the Management Services Agreement meets the ownership requirements of state law.

By way of example, laws applicable to operations or management of a Clinic in California include the California Business and Professions Code Section 2400, which prohibits the corporate practice of medicine, and California Business and Professions Code Section 650(a), which prohibits fee splitting.

If we license you to manage a Clinic, we are not engaging in the practice of medicine, nursing, or any other profession that requires specialized training or certification. The Franchise Agreement will not interfere, affect or limit the independent exercise of professional judgment by the Clinic's Clinical Staff. You acknowledge and agree that we will not provide any phototherapy, nursing, or medical services, nor will we supervise, direct, control or suggest to you or to the PC or Clinical Staff as applicable, the manner in which you or the PC will provide medical or phototherapy services to patients. We will not select, oversee, or terminate any Clinical Staff.

In all cases, you are responsible for operating in full compliance with all laws that apply to a Clinic. You are solely responsible for investigating what laws apply to the Clinic and for complying with them at your expense. Additionally, the laws applicable to your Clinic may change. If there are any changes in laws or regulations that would render your operation of the Clinic through a single entity (or otherwise) in violation of any laws or regulations, you must immediately advise us of the change and of your proposed corrective action to comply with such laws and regulations. In this event, you are responsible for the activities of the PC in offering all medical phototherapy services in accordance with the Management Services Agreement.

You must operate the Clinic in full compliance with all applicable laws, ordinances and regulations, that apply to businesses generally including government regulations relating to occupational hazards, health, EEOC, OSHA, discrimination, employment, sexual harassment, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes.

We require you to engage the services of legal counsel knowledgeable in health care regulation to advise you on the applicable federal, state and local laws, rules and regulations and to counsel you on compliance with them, including all licensing requirements. You must provide us with the name of your counsel. You will not be permitted to open your Clinic unless you have engaged counsel for this purpose.

Market and Competition. The market for medical dermatology clinics is developing. The growing needs of the population have increased the demand for medical dermatology and medical phototherapy services. ARRAY SKIN THERAPY Clinics will compete with other phototherapy clinics, franchised and non-franchised, as well as independent, group, or managed medical practices and hospitals.

ITEM 2. BUSINESS EXPERIENCE

Chief Executive Officer, Kristen Miller

Ms. Miller has been our Chief Executive Officer since our formation in September 2021. Since July 2011 she has been the Chief Executive Officer of our affiliate, Array Management, LLC, which is headquartered in Mission Viejo, California and owns and operates five ARRAY SKIN THERAPY Clinics in California. She serves as the Clinical Director for those clinics. Ms. Miller also maintains her license as a Family Nurse Practitioner.

Chief Financial Officer, Ann Beyer

Ms. Beyer has been our Chief Financial Officer since our formation in September 2021. Since February 2012 she has been the Chief Financial Officer for the ARRAY SKIN THERAPY Clinics owned and operated by Array Management, LLC, which is headquartered in Mission Viejo, California.

Chief Branding Officer, Bevans Goodman

Ms. Goodman has been our Chief Branding Officer since our formation in September 2021. Since February 2018 she has been the Clinical and Business Development Manager for the ARRAY SKIN THERAPY Clinics owned and operated by Array Management, LLC, which is headquartered in Mission Viejo, California. From March 2016 to March 2018, she worked as a nurse practitioner at Planned Parenthood Los Angeles in Los Angeles, California.

Chief Communications Officer, Vonda Oropeza

Ms. Oropeza has been our Chief Communications Officer since our formation in September 2021. Since January 2014 she has been the Administrative Manager and New Patient Coordinator for the ARRAY SKIN THERAPY Clinics owned and operated by Array Management, LLC, which is headquartered in Mission Viejo, California.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this ITEM.

ITEM 4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this ITEM.

ITEM 5. INITIAL FEES

You must pay us an initial franchise fee of \$55,000 in a lump sum when you sign the Franchise Agreement. The initial franchise fee is non-refundable. If you receive our approval to open a second or subsequent Clinic, the initial franchise fee for each additional clinic will be 50% of the then-current initial franchise fee.

In the prior year, we gave a 50% discount of the initial franchise fee to our first franchisee. Otherwise, all fees were uniformly applied.

ITEM 6. OTHER FEES

OTHER FEES

Type of Fee (Note 1)	Amount	Date Due	Remarks
Royalty Fee	Variable Monthly Flat Fee Year 1: \$2,000 per month Year 2: \$3,000 per month Year 3: \$3,500 per month Year 4: \$4,500 per month Year 5 and thereafter: \$5,000 per month	Monthly; Payable via electronic funds transfer (EFT)	Each month you will pay us a flat fee. The amount of the flat fee will vary based upon the number of years you have owned a franchise. The years are measured by the date that you execute the Franchise Agreement, so Year 1 would be the first twelve months after the signing of your Franchise Agreement. The Royalty Fee will not commence until you begin operations.
Brand Fund Contribution	Variable Monthly Flat Fee Year 1: \$170 per month Year 2: \$235 per month Year 3: \$270 per month Year 4: \$380 per month Year 5 and thereafter: \$500 per month	Monthly; Payable by EFT	Each month you will pay us a flat fee as your contribution to the Brand Fund. The amount of the flat fee will vary based upon the number of years you have owned a franchise. The years are measured by the date that you open the Clinic to the public, so Year 1 would be the first twelve months of operations. The Brand Fund Contribution will not commence until you begin operations.
Technology Fee	We reserve the right to establish a Technology Fee. Not currently collected.	Monthly; Payable by EFT	The Technology Fee is for our development, implementation, and maintenance of third party or proprietary technologies to be used by our franchisees. We have the right to increase this fee with 30 days' notice.
Software Fees	We reserve the right to charge you for software. Not currently collected.	As incurred; yearly	We can charge a one-time licensing fee of up to \$2,500 and up to \$1,000 per year for an ongoing licensing fee.
Local Marketing Expenditures	Minimum of \$1,000 per month	Monthly	We have the right to require you to increase the amount of your local marketing expenditures by up to 10% each year during the term of the Franchise Agreement, up to a maximum of \$1,500 per month. You must send us, in the manner

Type of Fee (Note 1)	Amount	Date Due	Remarks
			we prescribe, an accounting of your expenditures for local marketing at such times, and for such reporting periods, as we may specify.
Co-Op Advertising	Currently none	To be established	If we create a Cooperative Advertising program that includes your Clinic , you must participate. The specifics of any Cooperative Advertising program will be determined when established, including the amount, if any, of a Cooperative Advertising Fee. Up to 50% of the Cooperative Advertising Fee will be credited against your Local Marketing obligation. Any percentage contribution would be set by the cooperative on a vote of a majority of its members. All franchised, company-owned, and affiliate-owned outlets will have one vote each in any such cooperative. There is no maximum or minimum fee that can be imposed.
Additional Training Fee	Our then-current charge, plus expenses of the trainer Currently \$500 per trainer per day plus expenses of the trainer	As requested or required	If we require you to receive additional training because you are not operating the Clinic in accordance with our standards or if you request additional training outside of the normal course of training we provide, we reserve the right to charge you an additional training fee. We will provide our then-current training fee in our Manuals. You must cover the costs of your employees' attendance at such training, including travel and lodging expense associated with training held away from your Clinic.
Ongoing Training Fees	Up to \$300 per training session	As required	We reserve the right to charge you an attendance fee for additional scheduled training, conferences, or conventions. You must cover the costs of your employees' attendance at such trainings, including travel and lodging

Type of Fee (Note 1)	Amount	Date Due	Remarks
			expense associated with training held away from your Clinic.
Transfer Fee	Internal Transfer: \$1,500 Out-of-Network Transferee: 75% of the then-current initial franchise fee In-Network Transferee: 50% of the then-current initial franchise fee	At the time of transfer For Out-of-Network and In-Network transfers: Non-refundable, initial payment of \$5,000 is due at the time you notify us of your intent to transfer; remainder is due at the time of transfer	“Internal Transfer” means the addition of a new interest holder that does not result in a change of control of the entity. “Out-of-Network Transferee” means a person or party who is not a current ARRAY SKIN THERAPY franchisee in good standing. “In-Network Transferee” means a person or party who is a current ARRAY SKIN THERAPY franchisee in good standing.
System Modifications	All costs and expenses associated with System modification	As required	If we make changes to the System, you must adapt your business to conform to the changes. By way of example only, such changes may include new equipment, software, or construction materials. These may be paid to us, our affiliates, or a third-party supplier we designate.
Goods or Services Supplied by Franchisor or its Affiliates	Varies	As incurred	We reserve the right to designate ourselves or our affiliates to be the suppliers of any goods or services. You will pay us our then-current rates for such goods or services.
Relocation Fee	25% of the then-current initial franchise fee	Half of the fee will be due at the time you request our review and half will be due at the time we notify you of our approval	If you seek to relocate your Clinic, you must obtain our prior approval. We reserve the right to charge you a fee in connection with our review of your relocation request.

Type of Fee (Note 1)	Amount	Date Due	Remarks
Interest on Overdue Amounts	1.5% per month or the highest commercial contract interest rate that the law allows on amounts owed to us	Upon demand	We may debit your bank account automatically for late fees and interest. This interest on overdue amounts is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Clinic. The maximum interest rate in California is 10% annually.
Insufficient Funds	\$250 per occurrence	Upon demand	Failure to have sufficient funds available for payments to us.
Indemnification	Any and all types of damages, liabilities, losses, costs, and expenses we incur as a result of third parties claims or from your ownership and operations of the Clinic	Upon demand	You, your owners, and your guarantors must indemnify us and related parties for a broad range of claims related to your actions, omissions, ownership, and operations of the Clinic
Data Inspections and Reimbursement	Varies	Upon demand	If you repeatedly violate the required data privacy and security obligations under the Franchise Agreement, we reserve the right to charge you our costs and expenses to inspect your Clinic. Additionally, you are responsible for our costs and expenses that arise from your non-compliance or a security breach caused by you or your personnel.
Costs and Attorneys' Fees	Varies	Upon demand	Reimbursement to us for all of the costs and expenses that we incur due to your failure to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with the Franchise Agreement.
Successor Franchise Fee	10% of the then-current initial franchise fee	Prior to the execution of your successor agreement	If you satisfy the conditions to receive a successor franchise, your franchise, you will pay us this fee.
Quality Assurance Program	Varies	As incurred	If we establish a systemwide quality assurance program, you will be required to pay your Clinic's share of the costs. We may

Type of Fee (Note 1)	Amount	Date Due	Remarks
			require you to pay the vendor directly or to pay us and we will remit payment to the vendor. We estimate that if this program were to be established, costs would be \$200 per month. The current cost will be located in the Manual.
Insurance Costs	Varies	Upon demand	If you fail or refuse to obtain and maintain the insurance we specify, we may obtain the insurance for you and the Clinic on your behalf, in which event you must reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining the insurance.
Audit	Costs of audit	Upon invoice	You will pay for the costs of an audit if you underreport Gross Revenues by 2% or more.
New Supplier/ Product Evaluation Fee	Cost and expenses	On demand	If requested by you, you will pay all fees and costs incurred by us to obtain the necessary information and evaluate suppliers prior to giving approval for new suppliers and products.
Temporary Management Assistance Fee	10% of Gross Revenues of the Clinic, plus costs and expenses	Weekly with royalty payment	Only payable in the event we must operate your franchise due to death, disability, etc. The Temporary Management Fee would be paid in addition to any other fees due to us.
Refurbishment Reimbursement	Varies	Upon demand	If we must undertake any refurbishing work on your behalf, you will pay us our costs and expenses and an administrative fee of 15% for the total aggregate amount incurred by us.
Liquidated Damages	Determined by multiplying the combined monthly average of Royalty Fee you owe during the 24 months of operation preceding the termination multiplied by the lesser of: (i) 36, or (ii)	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.

Type of Fee (Note 1)	Amount	Date Due	Remarks
	the number of full months remaining in the term of the Franchise Agreement, subject to a minimum of \$72,000		
Fines	Up to \$1,000 per occurrence	Upon notice of infraction. Will be collected by EFT	Failure to operate in accordance with operating standards.

Note: (1) Except as otherwise set forth herein, all fees are imposed by, collected by, and payable to us. All fees are uniformly applied to all franchisees and are non-refundable. If applicable law in a state prohibits us from collecting fees in the manner set forth above, we reserve the right to designate an alternative fee structure that will be disclosed to you before you sign the Franchise Agreement.

ITEM 7. YOUR ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee (See Note 1)	\$55,000	\$55,000	Lump sum	When you sign the Franchise Agreement	Us
Interior Design / Improvement (See Note 2)	\$6,000	\$20,000	As arranged	Before opening	Third parties
Utility and Security Deposits (See Note 3)	\$2,000	\$6,000	As arranged	Before opening	Landlord and third parties
Rent (See Note 4)	\$6,000	\$7,500	As arranged	After Opening	Landlord
Signage (See Note 5)	\$1,200	\$1,500	As arranged	Before opening	Third parties
Furniture and Fixtures (See Note 6)	\$2,000	\$4,000	As arranged	Before opening	Third parties
Medical Equipment (See Note 7)	\$35,000	\$40,000	As arranged	Before opening	Third parties

Type of Expenditure	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment is to Be Made
Office Equipment, Computers, and Office Supplies (See Note 8)	\$3,000	\$4,500	As arranged	Before opening	Third parties
Business Software (See Note 9)	\$1,400	\$2,100	As arranged	Before opening	Third parties
Business Licenses and Permits (See Note 10)	\$200	\$500	As arranged	Before opening	Third parties
Professional Fees (See Note 11)	\$1,500	\$3,000	As arranged	Before opening	Third parties
Business Insurance (See Note 12)	\$7,500	\$10,000	As arranged	Before opening	Third parties
Travel and Living Expenses While Training (See Note 13)	\$3,900	\$5,900	As arranged	Before opening	Third parties
Additional Funds (See Note 14)	\$14,300	\$35,000	As arranged	As incurred	Third parties
Total	\$139,000	\$195,000			

Payments to us are non-refundable, unless noted. Payments to third parties may be refundable depending on their individual policies. We do not directly or indirectly finance any of the initial investment.

Notes:

(1) Initial Franchise Fee. The initial franchise fee is \$55,000 and is paid when you sign the Franchise Agreement.

(2) Interior Design / Improvement. These estimates assume you will be improving a second-generation medical office building or plaza. You will need to install our required equipment and design the interior to reflect our system standards. You will have to adapt our standard plans to your premises and local zoning and construction requirements. Your costs will vary depending on many factors, including the size, condition and location of the facility, local wage rates, and the cost of materials.

(3) Utility and Security Deposits. These estimates include a first month's rent security deposit and a utility deposit. The amount of the security deposit will depend upon the terms of your lease. Your lease could require a security deposit equal to the first and last months' rent.

(4) Rent. You must lease or own a suitable facility for the operations of the Clinic. These estimates are for three months of rent after you commence operations. These estimates assume you will negotiate free rent during the build-out period prior to opening. These projections assume you will lease a space of approximately 1,000 square feet. If you elect to own your own location, additional

costs will be incurred. You may choose a larger facility, but it will increase your operating costs. Our estimate in this category is based on you leasing the facility with the square footage we specify above. Your cost to lease is difficult to quantify because there are factors that will impact what you pay. These factors include the facility's location, its square footage, cost-per-square foot, renovation costs and any required maintenance fees. We do not require you to purchase or build a facility to house the franchise. Your cost may increase over our projections should you choose to purchase or build. You should consider construction delays and their unpredictable cost before electing to build or purchase. You should seek professional advice if you choose to purchase or build.

(5) Signage. You will need to purchase interior signage. The higher estimates assume you will have an exterior sign or need to special design a sign to comply with local codes.

(6) Furniture and Fixtures. You will need furniture for the reception and waiting area.

(7) Medical Equipment. You will need to purchase one full-body phototherapy unit (or "booth"), one hand phototherapy unit, one foot phototherapy unit, a calibrator, and one medical chair. In addition, you will lease a laser and the fee due is a usage fee that is dependent upon the number of treatments provided.

(8) Office Equipment, Computers, and Office Supplies. These estimates are for the office equipment, computers, and supplies needed for a Clinic. This estimate includes an initial inventory of expendables.

(9) Business Software. You will need to purchase or license the required accounting software. Though you will need a practice management system, we do not mandate the type or provider at this time. You will have monthly recurring costs of approximately \$200 per month for the accounting and, if you choose to have it, patient appointment reminder software. The low estimate above reflects three months of fees for the required services. The low estimate assumes that you use a free service for your practice management but pay a monthly non-participating claims fee of \$280 per month. The high estimate assumes that you will spend \$500 per month on your practice management service for one provider. If you have additional providers, the costs will likely increase.

(10) Business Licenses and Permits. You will need to obtain the business licenses required in your jurisdiction. These estimates are based upon our affiliate's experience in California. Depending on your jurisdiction you may need to obtain a conditional use permit and the high estimate reflects that. These fees do not reflect the costs for the Clinical Staff or PC professional licensing.

(11) Professional Fees. You may need the services of a bookkeeper, attorney, or certified public accountant to assist in the creation and startup of your business. These fees do not reflect the costs for the Clinical Staff or PC professional licensing.

(12) Business Insurance. This estimate is for six months of insurance premiums.

(13) Travel/Training. We will provide initial training for three attendees for a maximum of one week (which must include your Operating Owner) at no cost to you. However, you will pay for all travel and living expenses of your attendees and their wages and workers' compensation insurance while they are training. The costs will depend on the distance you must travel and the type of accommodations you choose. We will provide the initial training program at our headquarters (currently Los Angeles, California) or at a designated training facility of our choice.

(14) Additional Funds. This is an estimate only for the additional operating capital needed to manage your Clinic during the initial three months phase after you open for business. We cannot guarantee that you will not have additional expenses during the initial period. The estimate includes items like marketing and initial payroll, and other miscellaneous items. It does not include an owner's draw or salary. The expenses you incur during the start-up period will depend on factors like local economic and market conditions, whether your Clinic is located in a new market or a mature market, your experience and business acumen, competition, and the patient level and revenues that you reach during this initial period. Additional operating expenses will be incurred after the initial period in connection with the ongoing operation of your Clinic that we do not disclose in ITEM 7. Periodic reinvestment will be necessary following the initial start-up phase for leasehold

improvements, equipment, fixtures, and other assets. In compiling these estimates, we have relied on the experience of our management and data collected from our affiliate that operates clinics in California.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General. To ensure that the reputation, goodwill, high standards, and quality, service and uniformity of the System is maintained at the ARRAY SKIN THERAPY Clinic, you must operate the Clinic in accordance with System Standards and the Franchise Agreement. The term, "System Standards" refers our brand standards and mandatory and suggested specifications, standards, operating procedures, and rules relevant to the operation of your Clinic and duties under the Franchise Agreement. Our System Standards will regulate the goods and services that you may obtain or offer at your Clinic. System Standards will not impinge on or interfere with the ability of Clinical Staff to exercise professional judgment in practicing medicine and nursing and providing medical phototherapy services and patient services.

We have developed or may develop standards and specifications for types, models and brands of required fixtures, furniture, equipment, supplies, or other goods and services to be used at or sold from your Clinic. We will furnish these standards to you in the Manual or otherwise in writing or via electronic means. We reserve the right from time to time to approve specifications or suppliers and distributors of the above products that meet our reasonable standards and requirements. If we do so, you must purchase or offer only products meeting those specifications, and if we require it, only from distributors and other suppliers we have approved. You must cease to use any product, service, or supplier upon 30 days' notice from us if that product, service, or supplier no longer meets our criteria.

Neither we nor our affiliate, at present, are a supplier or distributor, although we reserve the right to become one.

Subject to applicable law, we may designate a single distributor or supplier (collectively, "supplier") for any product, service, equipment, supply or material and may approve a supplier only as to certain of those items or services. Neither we nor our affiliate are a designated supplier, but we reserve the right to become one.

Currently, we have designated exclusive suppliers for some of the medical equipment, including the suppliers of the phototherapy treatment units, laser, and associated equipment like calibrators and lamps. The continued usage costs for the lasers are dependent upon the number of treatments provided. Additionally, we have designated suppliers for certain signs, business software, and technologies. The selection and use of any equipment and products used in connection with medical phototherapy services provided by the PC will be subject to the PC's approval based on the professional opinion of the Clinical Staff.

If you want to use goods, services, supplies, fixtures, equipment, inventory, technology, or computer systems or suppliers that we have not approved, you must first submit to us certain information, including product or service specifications, product or service components, product or service performance history, product samples, supplier information, and any other relevant information. We will evaluate the proposed item or supplier based upon certain criteria and determine if you are approved to use the alternate item or supplier. Our criteria for approving suppliers is not provided to franchisees. If the criteria is met, you may use that alternate item or supplier. We will advise you in writing of our decision within 90 days of your written request for approval. We impose these

restrictions to safeguard the integrity of both the System and our trademarks. We reserve the right to revoke approval for any item or supplier for any reason, and you must cease to use the item or supplier upon 30 days' notice from us. If you request that we evaluate an item or supplier, you will pay all fees and costs incurred by us to obtain the necessary information and to conduct the evaluation. You must cease to use any product, service, or supplier upon 30 days' notice from us if that product, service, or supplier no longer meets our criteria.

There are currently no purchasing or distribution cooperatives. However, we have the right to require you to participate in a local advertising, purchasing, or distribution cooperative in the future.

During our last fiscal year, neither we nor our affiliates received any consideration from the sale of products or services to franchises, but we may do so in the future. We reserve the right to receive rebates, discounts, fees, commissions, or other payments, benefits, or consideration based upon your required purchases or leases.

We may negotiate purchase arrangements (including price terms) with certain suppliers, but are not required to do so. We do not provide any material benefits to you based on your use of designated or approved suppliers.

We estimate that your purchases or leases from approved suppliers or in accordance with our specifications will represent approximately 35%-45% of your total purchases in the establishment of the Clinic, and 10%-20% of your total purchases in your continuing operation of the Clinic.

None of our officers owns an interest in any vendors or suppliers to our franchises.

Insurance. You must maintain in force at your sole expense the following minimum insurance coverage:

- General liability insurance (including coverage for products liability and medical expenses) with limits of at least \$1,000,000 per occurrence and \$2,000,000 in aggregate;
- Professional liability insurance with limits of at least \$1,000,000 each claim and \$3,000,000 in aggregate;
- Property damage insurance with coverage levels sufficient for your business premises; and
- Workers compensation insurance with coverage levels to comply with the laws of your jurisdiction.

We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance or cyber liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must name us and any affiliates we designate as additional insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. You routinely must furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain comparable insurance for you and the Clinic on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining the insurance. All insurance policies must be underwritten by companies having an A.M. Best rating of A or higher.

We will also require that your Management Services Agreement, if applicable, mandate minimum insurance coverage for the PC.

Modification of System Standards. We may operate and change the System in any manner that is not expressly or specifically prohibited by the Franchise Agreement. Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, as we consider to be best, and consistent with all applicable laws and regulations, to vary System Standards for any franchisee or any ARRAY SKIN THERAPY Clinic based upon the peculiarities of any condition that we consider important to that franchisee's or ARRAY SKIN THERAPY Clinic's operation. Periodically, we may modify System Standards, and to the extent the changes to the System Standards will apply, generally, to franchisees and Clinics operating under the System, these modifications may obligate you to invest additional capital in the Clinic and/or incur higher operating costs. You must implement any changes in the System Standards within the time period we specify, whether they involve refurbishing or remodeling the Premises or any aspect of the Clinic, buying new assets, adding new services offered by the Clinic, or otherwise modifying the nature of your operations.

ITEM 9. FRANCHISEE'S OBLIGATIONS

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Agreements	Disclosure Document Items
a. Site selection and acquisition/lease	Section 2.1 of the Franchise Agreement; Site Selection Addendum	8 & 11
b. Pre-opening purchases/leases	Sections 2.2 and 2.4 of the Franchise Agreement	5, 7, 8 & 11
c. Site development and other pre-opening requirements	Sections 2.2 and 2.5 of the Franchise Agreement; Site Selection Addendum	8 & 11
d. Initial and ongoing training	Sections 4.1 and 4.2 of the Franchise Agreement	11
e. Opening	Section 2.5 of Franchise Agreement	11
f. Fees	Sections 3, 9.4, 12.3, and 12.5 of the Franchise Agreement	5 & 6
g. Compliance with standards and policies/Operating Manual	Sections 4.4, 5.2, and 8 of the Franchise Agreement	8, 11 & 14
h. Trademarks and proprietary information	Sections 5, 6, 15.2 and 15.3 of the Franchise Agreement	13 & 14

Obligation	Section in Agreements	Disclosure Document Items
i. Restrictions on products/services offered	Sections 8.2 and 8.3 of the Franchise Agreement	5, 8 & 16
j. Warranty and customer service requirements	Not applicable	None
k. Territorial development	Sections 1.1 and 1.2 of the Franchise Agreement	12
l. Ongoing product/service purchases	Sections 2.4 and 8.3 of the Franchise Agreement	8
m. Maintenance, appearance and remodeling requirements	Sections 8.1, 12.3 and 13.2 of the Franchise Agreement	8
n. Insurance	Sections 2.5 and 8.6 of the Franchise Agreement	7 & 8
o. Advertising	Section 9 of the Franchise Agreement	6, 8 & 11
p. Indemnification	Section 5.5 and 16.4 of the Franchise Agreement	6
q. Owner's participation/management/staffing	Section 8.5 of the Franchise Agreement	15
r. Records/reports	Section 10 of the Franchise Agreement	6
s. Inspection/audits	Section 11 of the Franchise Agreement	6 & 11
t. Transfer	Section 12 of the Franchise Agreement	17
u. Renewal	Section 13 of the Franchise Agreement	17
v. Post-termination obligations	Section 15 of the Franchise Agreement	17
w. Non-competition covenants	Sections 7 and 15.4 of the Franchise Agreement	17
x. Dispute resolution	Section 17 of the Franchise Agreement	17
y. Other: Guaranty of Franchisee's obligations	Section 1.5 of the Franchise Agreement	15

ITEM 10. FINANCING

We do not offer direct or indirect financing to you, guarantee any of your notes, leases or obligations, or have any practice or intent to sell, assign or discount to a third party all or part of any of your financing arrangements.

ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, we are not required to provide any assistance to you.

Preopening Obligations

Before you open your Clinic:

- (1) We will assist you in your site selection by providing you with our site selection guidelines and criteria. We will provide you with certain recommended or required specifications for your Premises. For more details on site selection, refer to the "Site Selection" subheading in this Item 11 below. (Franchise Agreement, Section 2.1).
- (2) To the extent we have them, we will give you mandatory and suggested specifications or suppliers for the required or recommended equipment, furniture, signs, and supplies. (Franchise Agreement, Section 8.3).
- (3) We will conduct an initial training program. For more details on training, refer to the "Training" subheading below. (Franchise Agreement, Section 4.1). As part of this training, we will, at our own cost, send one of our representatives to the Clinic for two days to provide on-site training and support around the time of your opening. (Franchise Agreement, Section 4.1).
- (4) We will allow you access during the Initial Term to our Operations Manual (the "Manual"). (Franchise Agreement, Section 4.4).

We are neither responsible for nor obligated to assist you in identifying or creating a medical practice, medical professional, or professional business entity to serve as the PC for the Clinic. You will solely be responsible for identifying or creating a medical practice, medical professional, or professional business entity to serve as the PC for the Clinic. We do not find medical practices for our franchisees.

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Clinic. We do not assist you in hiring your employees.

Continuing Obligations

During the operation of your Clinic:

- (1) We will advise you from time to time regarding the operation of the Clinic based on your reports to us and/or our direct or indirect observations, and we will provide guidance to you concerning: (a) standards, specifications, and operating procedures and methods for use in your ARRAY SKIN THERAPY Clinic; (b) advertising and marketing materials and programs; (c) administrative, bookkeeping, and accounting procedures; (d) operational problems you encounter. (Franchise Agreement, Section 4.3).
- (2) We will continue to provide you with access to our Manual for the term of the Franchise Agreement. (Franchise Agreement, Section 4.4).

- (3) We will provide at our option, information on new services, products, methods, techniques and procedures. We will provide you with information on improvements to the System. (Franchise Agreement, Section 4.3).
- (4) We will permit you to use our Confidential Information. (Franchise Agreement, Section 6).
- (5) We will permit you to use the Marks. (Franchise Agreement, Sections 5.1 and 5.2).
- (6) We will develop and maintain an external-facing website for the ARRAY SKIN THERAPY brand, on which you may have a subpage for your Clinic. (Franchise Agreement, Section 9.6).
- (7) You, and as applicable the PC, will have the right to establish your own prices. Where permitted by law, we reserve the right to set minimum and maximum prices and to establish promotional pricing that you must comply with.

We are not required by the Franchise Agreement to furnish any other service or assistance to you during the operation of your Clinic. We do not assist you in hiring your employees.

Site Selection. You must operate the Clinic from an accepted location, i.e., the “Premises.” Neither we nor our affiliates own the Premises or lease it to you. You must obtain our written acceptance of the proposed location in accordance with the Site Selection Addendum, which is Attachment 2 to the Franchise Agreement, before signing any lease, sublease, or other document for the site. The Site Selection Addendum will specify a geographic area (“Site Selection Area”) in which you search for and identify a proposed location for your Clinic. The Site Selection Area is established solely for the purpose of defining the area within which you may look for a possible site for the ARRAY SKIN THERAPY Clinic, and you will not receive any exclusive territorial rights for the Site Selection Area. We may permit other franchisees to look for prospective sites within an area which is the same as or overlaps with your Site Selection Area, and we may establish, or franchise others to establish, a Clinic operating under the System within the Site Selection Area.

As described in the Site Selection Addendum, we may assist you in your site selection by providing you with our site selection guidelines and criteria. We will provide you with certain recommended or required specifications for your location. In general, a site is to be located in a medical office building or plaza have approximately 1,000 square feet. Some of the factors we consider are accessibility to key roadways, location, traffic, visibility, parking, physical characteristics of the building and area, demographics of the region, neighboring businesses, accessibility to other medical businesses, design, and lease terms.

You will have three months from the Effective Date of the Franchise Agreement to obtain acceptance of a site. We will use reasonable efforts to accept or reject the proposed site within 15 days after your request. If a mutually agreeable site cannot be identified, we have the right to terminate the Franchise Agreement. We will provide the assistance described above, but you are responsible for securing (by either by leasing or purchasing the location) an accepted site within 30 days of our acceptance of your site. Upon our acceptance of a site, and after you secure the site, it will be the Premises for purposes of the Franchise Agreement. If you do not open your Clinic within six months of the Effective Date of the Franchise Agreement, you will be in default and we may terminate your Franchise Agreement. You must enter into our form of Lease Rider set forth on Attachment 6 in which you and your landlord agree that we have certain rights regarding the Premises.

You are solely responsible for conforming the Premises to local ordinances and building codes and for obtaining any required permits. Similarly, you are solely responsible for ensuring the construction, remodeling, and decoration of the Premises. We will provide you with specifications and/or a list of approved suppliers for the required equipment, inventory, supplies, fixtures, and furniture. We do not deliver or install these items.

If we recommend or give you information regarding the Territory, or a site for the Premises, and if we accept a site, our advice, action, or information is not a representation or warranty of any kind, express or implied, of the site's suitability for a Clinic or the prospects of success at the site. Our recommendation indicates only that we believe that the site meets our then-acceptable criteria.

Unless you obtain prior written approval from us, you may operate the Clinic only from the Premises. If you desire to move or relocate your Clinic, you must provide us a written request for relocation together with detailed reasons. You must receive our prior written approval before you can relocate. Any proposed move must be within your Territory, and relocation will be subject to the same criteria, conditions, and procedures as we have established (and may in the future modify for the initial acceptance of the Clinic). You will pay us a relocation fee as well.

Development Timeline. The typical time from signing the Franchise Agreement and opening the Clinic is approximately three months depending on the ability to obtain a lease, zoning and local ordinances, installation delays, equipment shortages, and other factors.

You cannot commence operations at the Clinic without complying with all of our requirements for opening of the Clinic, which include (a) completion of the construction and furnishing of the Clinic in accordance with our System Standards and the plans accepted by us, (b) retainer of legal counsel to advise you on all applicable laws, (c) receipt of all necessary licenses and permits for operations, (d) completion of all required training programs, (e) payment of all required fees; (f) all required agreements have been signed; (g) there are no defaults of any agreement; (h) furnishing of certificate of insurance; (i) if applicable, a PC has been identified, accepted by us, and has signed all required agreements, (j) you have completed all other items on our opening checklist, and (k) you have obtained our express approval to open.

Training. For the initial franchise fee, we will provide the initial training program for up to three people at the Los Angeles, California clinic operated by our affiliate. Your Operating Owner must attend the training and we strongly recommend that any other owners and your administrative staff member and clinic manager also attend. You must pay for all travel and living expenses which your Operating Owner and other representatives incur while attending training, as well as their wages and benefits. This training will address the key aspects of operating an ARRAY SKIN THERAPY Clinic. The initial training will be held on an as-needed basis and generally within the three months before you open your Clinic. Before your Clinic opens for business, we will, at our cost, send a representative to your Clinic for up to two days to assist with the pre-opening and opening of your Clinic.

The below chart summarizes the initial training program we will offer.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
History/Philosophy of Array Skin Therapy & Services Provided to Array Skin Therapy Franchisees	.5	0	Affiliate clinic in Los Angeles, CA
Pre-Opening Procedures	1.5	0	Affiliate clinic in Los Angeles, CA
People Development	2.5	0	Affiliate clinic in Los Angeles, CA
New Patient Procedures	2.5	3	Affiliate clinic in Los Angeles, CA
Marketing	2	0	Affiliate clinic in Los Angeles, CA
Daily Operating Procedures	4	10	Affiliate clinic in Los Angeles, CA
Patient Service Procedures	4	10	Affiliate clinic in Los Angeles, CA
Totals	17	23	

Your Operating Owner must satisfactorily complete the initial training. If your Operating Owner fails to complete the initial training to our satisfaction, you will not be authorized to open the Clinic. We will also have the right to terminate the Franchise Agreement.

Training is not for the purpose of exercising control over the manner in which Clinical Staff or their PCs exercise independent professional judgment or render patient care services.

Our training program is conducted by individuals who have at least three years of experience with the ARRAY SKIN THERAPY brand and at least three years of experience in the medical or practice management field. The instructional materials for our training program include the Manual and presentations.

Your Operating Owner and other personnel must attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify. This includes participating in yearly refresher training. You must pay all travel and lodging costs to attend any required or optional trainings for you and any personnel you bring. You will be required to pay any registration or other attendance fee associated with any conventions.

We also reserve the right to require you to participate in additional training if you are not in compliance with our standards, or you may request additional training. We reserve the right to require you to pay our then-current training fee for such trainings. You must pay all travel and lodging costs associated with these additional trainings.

Any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

Marketing. The image of the ARRAY SKIN THERAPY brand, the Marks, and ARRAY SKIN THERAPY Clinics held by the public in general, by patients, and by employees, is important to the System and the Marks. We may engage in marketing programs to enhance the reputation of ARRAY SKIN THERAPY Clinics generally. There is no limit on the media we can use or a limit on the type of

coverage we may use. We may also use any source of advertising we choose. Nothing in the Franchise Agreement requires us to provide specific practice expansion, marketing or advertising services to you or to promote your specific Clinic.

Local Marketing. You must spend at least \$1,000 per month on local marketing for your Clinic. We may require you to spend up to \$1,500 per month. You must send us, in the manner we prescribe, an accounting of your expenditures for local marketing at such times, and for such reporting periods, as we may specify from time to time.

Your local marketing must follow our guidelines, which may include, among other things, requirements for, or restrictions regarding, the use of the Marks and notices of our website's domain name in the manner we designate. You may use only materials we have provided or approved for your use.

Grand Opening Advertising. We strongly recommend that you dedicate funds for grand opening advertising, marketing and promotional programs for your Clinic. We must approve any grand opening marketing program you develop. Your grand opening expenditures will be counted toward the local advertising and promotional expenditures discussed. There is no minimum amount we require you to spend.

Brand Fund. The Brand Fund will be supported by a variable monthly flat fee that ranges from \$170 per month in Year 1 to \$500 per month in Year 5 and beyond.

We have the sole discretion to determine where the Brand Fund contributions will be spent to promote, enhance, or further the growth of the ARRAY SKIN THERAPY brand, businesses, and System, including, but not limited to: research; promotional marketing, public relations, and advertising expenses to promote the brand; hiring marketing, public relations and advertising agencies, technology companies, or paying the salaries of in-house personnel to assist in developing the ARRAY SKIN THERAPY brand name; developing, evaluating, or using technologies that we believe may benefit the brand, the patients and clients, the franchisees, or the brand's reputation; developing new goods and services and franchisee revenue sources; expenses associated with listings on websites, contest registrations, digital marketing content, influencer marketing, radio, billboards, TV, print, or internet advertising, and events and promotions designed to garner media attention and promote the brand name; expenses associated with conducting market research; travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials; production of marketing, public relations, or digital or social media content, including, but not limited to, advertisements, coupons, and other promotional materials; expenses incurred in developing and maintaining non-franchise sales portion of any Online Presence; and expenses incurred in using search engine optimization, pay-per-click, or other digital marketing software, services, or companies to help promote the brand.

While we do not anticipate that any part of Brand Fund contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Fund for public relations or recognition of the ARRAY SKIN THERAPY brand, for the creation and maintenance of a website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available" or similar language.

We may occasionally provide for placement of advertising on behalf of the entire franchise system, including franchisees; however, we are more likely to provide you with advertising content to use in

your local territory or on a regional basis with other franchisees in an advertising cooperative. You will be responsible for implementing any promotional or public relations programs or placing any advertising content we create, at your own expense. If we create any advertising content, which we are not obligated to do, you will receive one sample of the advertising content at no charge. You must pay for the duplication and distribution of the content.

Currently, the Brand Fund fees are payable to us. We have the right to establish in the future a nonprofit corporation or other business entity to collect Brand Fund contributions from our franchisees. The Brand Fund is currently administered by our accounting and marketing personnel under our direction. The Brand Fund is not audited. The Brand Fund is not a trust fund. We have no fiduciary duty to you or any franchisee in connection with the collection or use of the Brand Fund monies. Unless required by state law, you have no right to obtain an unaudited accounting. We may spend, on behalf of the Brand Fund, in any fiscal year an amount greater or less than the aggregate contributions to the Brand Fund in that year. Any remaining amounts will be left in the Brand Fund for use in future years. We are not required to spend any brand or advertising funds in your specific area or territory. We may have the Brand Fund borrow from us or other lenders to cover any Brand Fund deficits. We may have the Brand Fund invest any surplus for the Brand Fund's future use. Company-owned businesses are not required to contribute to the Brand Fund. Although the Brand Fund is intended to be perpetual, we may terminate it at any time. We will not terminate the Brand Fund, however, until all money in the Brand Fund has been spent for brand development purposes or returned to the contributors of the Brand Fund on the basis of their respective contributions. Brand Fund contributions that we, our affiliates, or third parties elect to contribute to the Brand Fund shall be subject to the same terms of the Brand Fund set forth in the Franchise Agreement. Other franchisees' Brand Fund contributions may be calculated at a different rate or on a different basis than yours. We have the sole discretion to settle or forgive any accrued and unpaid Brand Fund contributions owed by a franchisee.

Our first franchisees have not started operating as of the date of this Disclosure Document, so we have not yet collected any contributions to the Brand Fund.

Cooperatives. We have the right to establish a Cooperative Advertising Region ("Cooperative") for the geographic region in which your Clinic is located. The purpose of the Cooperative is to conduct marketing campaigns for ARRAY SKIN THERAPY Clinics located in a region. No Cooperatives exist at this time. Clinics will be financially responsible for any marketing campaigns for their region. If a Cooperative for your area was established before you began to manage your Clinic, then when you open your Clinic, you must immediately join that Cooperative. If a Cooperative for your area is established after you begin to manage your Clinic, then you must join the Cooperative upon its commencement of operations. You will not be required to be a member of more than one Cooperative. The following provisions will apply to each Cooperative (if and when organized):

1. Cooperatives will be established, organized, and governed in the form and manner that we have approved in advance. The activities and administration of each Cooperative including fees payable to the Cooperative will be decided by a majority of its members. All ARRAY SKIN THERAPY Clinics will have the same voting rights, whether owned by franchisees, us, or our affiliates. Each Clinic owner will be entitled to cast one vote for each Clinic owned within the Cooperative's region. Any disputes arising among or between you, other members of the Cooperative, and/or the Cooperative, will be resolved according to the rules and procedures set forth in the Cooperative's written governing documents, which you (when the Cooperative is established), can review upon request. All franchisees and affiliate owned outlets contribute at the same rate to the Cooperatives which they are a member. There is no minimum or maximum fee that can be charged by the

Cooperative. Up to 50% of the local advertisement expenditures may be required to be spent in the cooperative and we will count that amount spent towards your local advertising expenditures. Cooperatives may not use marketing, promotional plans, or materials without our prior written approval.

2. You must submit your required contribution directly to the Cooperative (not to us) monthly or at the intervals determined by the members of the Cooperative, together with the statements and reports that may be required by the Cooperative. We will not financially support the Cooperative. The Cooperative will set the specific amount of the member's Cooperative contribution. If you are required to contribute to a Cooperative, these contributions will be credited toward your required expenditures for local advertising, as described above. If a majority of the members of the Cooperative agree, an unaudited financial statement for the Cooperative will be prepared annually and will be made available to you upon request.

3. Although, if established, a Cooperative is intended to be of perpetual duration, we maintain the right to terminate, merge or dissolve any Cooperative. A Cooperative will not be terminated or dissolved, however, until all monies in that Cooperative have been expended for marketing or promotional purposes for the Clinics in the Cooperative.

Online Presence. We may maintain a website to promote the Marks or for the benefit of any or all of the Clinics. We may also develop and maintain any other type of online, internet, virtual, or digital presence (each an "Online Presence") as we see fit. An Online Presence includes but is not limited to (1) the website, other webpages, or domain names; (2) accounts, pages, or profiles on social media sites; social networking sites; news sites and groups; online, internet, or digital directories; video, audio, photography, and messaging services; blogs; or forums; (3) e-commerce sites or accounts; (4) digital or online advertising and marketing content and services; (5) mobile applications; (6) virtual reality platforms; or (7) any identifiers of an Online Presence; or (8) a presence on any other type of online, internet, virtual, or digital tool, good, or service that may be developed.

We will have the sole right to control all aspects of each Online Presence, including its design, content, functionality, links to any other Online Presence, legal notices, and policies and terms of usage. We will also have the right to discontinue operation of any Online Presence at any time without notice to you. You may not establish or operate an Online Presence (including a website, webpage, domain name, Internet address, social media account, blog, forum, advertisement, or e-commerce site) that in any way concerns, discusses or alludes to us, the System or your Clinic without our written consent. The Marks may not be used as part of, in conjunction with, to establish, or to operate any Online Presence, except as specifically approved by us. You may not post, and must take such steps as necessary to ensure that your employees do not post any information on an Online Presence that relating to us, the System, the Marks, or the Clinic that (a) does not comply with our brand, social media, or Online Presence guidelines described in the Manuals, (b) is derogatory, disparaging, or critical of us, the System, or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks. For any Online Presence or email address you are approved to create, use, or maintain, we reserve the right to be exercised at our option to have the Online Presence or email address directly owned by us or to require it to be transferred to us after the expiration or termination of the Franchise Agreement. (Franchise Agreement Section 9.6.) We have the right to require that any Online Presence or email address we permit you to use, create or maintain be registered in our name. Upon request, you must provide us with any login credentials for any Online Presence or email address you are authorized to use. We have the right to access any Online Presence to take corrective action if any content or post on the Online Presence is in violation of our policies and we may take ownership of any Online Presence

upon expiration or termination of the Franchise Agreement or during the term of the Franchise Agreement and operate it as we see fit.

Subject to the terms of the Franchise Agreement and the Manual, we may make available to you a subpage on our website that will be located at a sub-domain of the website to be specified by us (or on a subpage of another Online Presence) (the "Subpage"). Upon the termination, non-renewal, or expiration of the Franchise Agreement for any reason or a default under the Franchise Agreement for any reason, we will not upload content for you, you may not use the Subpage and we may cease to make the Subpage available to you. (Franchise Agreement Section 9.6)

Technology / Computer Systems

You must obtain and use the Technology we require from time to time. "Technology" means hardware; electronics; computer systems; mobile devices; applications; software, online services, and cloud-based systems; communications links, systems, providers, and applications; robotics; and other technologies available now or developed in the future. We may modify specifications for and components of the Technology. Our modification of specifications for the Technology might require you to purchase, lease, and/or license new or modified Technologies and to obtain service and support for the Technologies. There are no limitations on the frequency or cost of your obligations to change, upgrade, and update your Technologies. We have no obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Technologies. The data that is generated or stored in the Technology includes patient information, business information, transaction information, billing information, marketing information, human resources information, and other business and operational data.

Currently, we require you to purchase accounting software from designated suppliers. We also require you to have a practice management system to assist with patient scheduling and volume, though we do not currently specify the supplier. We reserve the right to mandate a practice management system supplier in the future. We estimate that the total initial costs of these required programs will be between \$1,400 and \$2,100 for the first three months. We estimate that the monthly recurring software fees will be about \$200 per month for the accounting and, if you choose to have it, appointment reminder software. The cost of the practice management system is determined by the vendor you select and will vary by the number of providers you have.

Additionally, you will need to acquire basic office technology like a personal computer, printer, and Wi-Fi. Such office equipment and supplies will cost approximately \$3,000 to \$4,500.

We estimate that the cost to maintain and update the Technology from year to year will be approximately \$1,000, which is in addition to the costs that you may incur to change the Technology as we require from time to time.

We may develop proprietary or non-proprietary Technologies. Accordingly, we may require that you enter into a license agreement with us or our affiliate, which may require you to pay us commercially reasonable fees and/or enter into license agreements directly with vendors. Additionally, if we enter into a license agreement with a vendor and sublicense the Technology to you, we may charge you for all amounts we pay to the vendor based on your use, plus a reasonable amount to compensate us for the services that we or our affiliate provide.

Despite the fact that you must buy, use, and maintain the Technologies according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation,

maintenance, and upgrading of the Technologies; (2) the manner in which your Technologies interface with our and any third party's computer system; and (3) any and all consequences if the Technologies are not properly operated, maintained, and upgraded.

You will grant us, and we will have, access to the information collected through the Technology, subject to your and our compliance with HIPAA (the Health Insurance Portability and Accountability Act of 1996) or other applicable law relating to confidentiality of patient records. You must sign a Business Associate Agreement. This will authorize you to disclose protected health information to us to the extent permitted by applicable law, including HIPAA. It will also authorize you to disclose Gross Revenues collected by Clinical Staff and the PC to the extent permitted by applicable law, including HIPAA. You must disclose to us any passwords or codes associated with the Technologies.

We have the free and unfettered right to independently retrieve any data and information from your Technologies (including Technology for which we have not designated a supplier) as we, in our sole discretion, deem appropriate. Other than the HIPAA limitations described above, there are no contractual limitations on our right to access such data and information.

Manual. We will provide you with access to our Manual which contains our System Standards. The contents of the Manual are Confidential Information. We may modify the Manual periodically to reflect changes in System Standards and other guidance and requirements regarding the operation of an ARRAY SKIN THERAPY Clinic. The timeline to implement the changes will be reasonable for the specific type of change. We may post the Manual on an electronic platform and may also share the Manual's contents in other electronic media or in the form of written materials. The table of contents of our Manual is attached as Exhibit H. The Manual contains approximately 262 pages.

Advisory Council. We have the right to create, modify, and dissolve a franchisee advisory council ("Advisory Council") comprised of ARRAY SKIN THERAPY Clinic franchisees or representatives of franchisees for the purpose of promoting communication among franchisees and with us. If we create an Advisory Council, you must participate either directly or indirectly through a representative and contribute any dues that may be assessed to franchisees by the members of the Advisory Council. We reserve the right to establish the legal, administrative, and organizational framework for the Advisory Council and to terminate the Advisory Council at any time. We have the right to select or dismiss all members. The Advisory Council will serve in an advisory capacity only and will have no operational or decision-making power.

ITEM 12. TERRITORY

You must develop the ARRAY SKIN THERAPY Clinic and operate the Clinic at the accepted Premises identified in your Franchise Agreement. You may only relocate your Clinic after receiving our prior written approval. We will not unreasonably withhold our approval, provided that the new location complies with our then-current site criteria, is located within the Territory, and does not infringe upon the territory we have assigned to any other Clinic.

After the Premises for your Clinic is accepted, we will designate the "Territory" and describe it in the Franchise Agreement or the attachments thereto. Generally, the Territory will be an area that is the greater of a radius of three miles from your Clinic or a population of 100,000 people. We reserve the right to grant you a Territory with a smaller or greater population, as mutually agreed upon by you and us. We reserve the right to define the Territory by other boundaries (e.g., natural boundaries). Population will be measured using the U.S. Census data or other data we deem reliable.

Territorial Rights. Subject to your compliance with the Franchise Agreement, within your Territory, we will not operate or grant a franchise for the operation of another ARRAY SKIN THERAPY-branded medical phototherapy clinic operating under the System and the Marks at a fixed location. The Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional territories.

You will receive an exclusive territory. If you default under the Franchise Agreement (including failing to pay the minimum fees), we reserve the right to undertake certain actions in lieu of termination of the Franchise Agreement, including modifying the size, population, or the exclusivity of the Territory or completely eliminating the Territory. Other than as stated above, the continuation of your territorial rights does not depend on the achievement of any particular sales volume, market penetration, or other contingency.

Rights We Reserve Under the Franchise Agreement. Regardless of either proximity to your Territory or any actual or threatened impact on sales of your business, we retain the right all rights not expressly granted to you, including, among others, to: (a) use the Marks and System in connection with establishing and operating ARRAY SKIN THERAPY businesses at any location outside the Territory; (b) use the Marks or other marks in connection with selling or distributing any goods (including branded merchandise or products) or services anywhere in the world (including within the Territory), whether or not you also offer them, through channels of distribution other than operating ARRAY SKIN THERAPY-branded medical phototherapy business that operates using the Marks and the System at a fixed location, including, for example, retail stores, catalogs, mail order, or the Internet or other electronic means; (c) acquire, establish or operate, without using the Marks, any business of any kind at any location anywhere in the world (including within the Territory); and (d) use the Marks in connection with soliciting or directing advertising or promotional materials to patients and clients anywhere in the world (including within the Territory).

If we decide to exercise these rights, we will not be obligated to compensate you for such sales made inside or outside your Territory. We are not obligated to compensate you if we solicit in or accept orders from the Territory. Although we have the right to do so, we and our affiliates have no plans to operate or franchise a business under a different trademark.

You may not advertise, solicit, or market outside your Territory unless we grant you prior written permission to do so. You may not sell products or provide services off-Premises unless we grant you prior written permission to do so. If you obtain our prior written permission, you must follow our policies regarding any out-of-Territory or off-Premises activity. If we grant you permission to conduct any out-of-Territory or off-Premises activity, you do not receive any additional territory or exclusivity rights. We have the right to terminate or suspend your approval to conduct any out-of-Territory or off-Premises activities. You agree not to sell any items through other channels of distribution, including the Internet, catalog sales, telemarketing, wholesale, or other direct marketing.

Patients have total freedom to select where to obtain services. Neither the Clinic you operate, nor any other ARRAY SKIN THERAPY Clinic, is restricted from providing services to any patient at any Clinic, regardless of where the patient lives.

ITEM 13. TRADEMARKS

We use, promote, and license certain trademarks, service marks, and other commercial symbols including the mark “ARRAY SKIN THERAPY” in the operation of ARRAY SKIN THERAPY clinics (the

“Marks”). The Marks have gained and will continue to gain public acceptance and goodwill. We may license other trademarks, service marks, and commercial symbols for Clinics. If we do, these other marks and symbols will become part of the Marks.

We grant you the right to use certain Marks under the Franchise Agreement. Our affiliate, Array Management, LLC owns the federal trademark applications for the below Marks, but neither we nor our affiliate has obtained the registration yet. Each application seeks registration of the mark on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”).

Mark	Registration Number	Registration Date
Our light. Your shine.	6850208	July 5, 2022

Mark	Serial Number	Application Date
ARRAY SKIN THERAPY	97727333	December 21, 2022
	97727413	December 21, 2022

We also filed previous applications for “Array Skin Therapy” and our logo on August 11, 2021. The identification numbers for these applications are 90877290 and 90877262. The review of these applications is currently suspended while other marks are being reviewed by the USPTO. In the interim we filed the new applications cited above with a more specific description of the services being offered.

We nor our affiliate has a federal registration for our some of our principal Marks above. Therefore, these trademarks do not have as many legal benefits and rights as federally registered trademarks. If our or our affiliate’s right to use these unregistered trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Marks. We are not aware of any prior or infringing uses of the Marks.

Array Management, LLC intends to timely file, with the USPTO all required affidavits of use and an affidavit of incontestability, when due, for the above Mark and registration and any others. None of these registrations has been renewed yet, but our affiliate intends to renew them. Our right to use and license others to use the Marks is granted by a Trademark License Agreement (the “License Agreement”) with Array Management, LLC. The License Agreement is perpetual until it is terminated. If it is terminated, Array Management, LLC is required under the License Agreement to allow our franchisees to maintain their rights to use the Marks in accordance with their franchise agreements. The License Agreement may be amended upon mutual agreement. The agreement may be terminated if we breach the agreement and fail to cure or if we cease to be an affiliate of Array Management, LLC. Other than the License Agreement, there is no agreement in effect which significantly limits our rights to use or license the Marks in any state in a manner material to the franchise.

Your right to use the Marks is derived only from the Franchise Agreement and limited to your operating the Clinic according to the Franchise Agreement and all System Standards we prescribe during the term of the Franchise Agreement.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not communicate with any person other than us, our affiliate, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We or our affiliate may take the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding resulting from any infringement, challenge, or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable action that, in the opinion of our or our affiliate's attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. No agreement obligates us to protect your rights to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks. We have no obligation to indemnify you for any use or misuse of our Marks. At our option and not obligation, we, our affiliate, or our designee may defend and control the defense of any proceeding resulting from your use of any Mark under the Franchise Agreement.

We reserve the right to substitute different proprietary marks for use in identifying the System and the business operating under it if we, in our sole discretion, determine that substitution of different marks as Marks will be beneficial to the System. You must comply with such change, revision, or substitution and bear all expenses associated with such changes.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents. No patents or patent applications are material to the franchised business or your operation of the Clinic.

Copyrights. We claim copyright protection covering various materials used in our business and the development, management and operation of ARRAY SKIN THERAPY Clinics, including advertising and promotional materials, the Manual, and similar materials (discussed below). We have not registered these materials with the United States Registrar of Copyrights, but we are not required to do so. We may register any of these items or copyrightable materials in the future.

There are currently no effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. There are no agreements related to the copyrights that limit our rights to use them or license them to you for normal operations of the business.

No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. You must notify us of claims by others of rights to, or infringements of, the copyrighted materials. We or our affiliate has the discretion but no obligation to take any action when notified of infringement. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification. We or our affiliate has the right to control all litigation related to the copyrights.

Any and all copyright in and to advertising and promotional materials developed by you or on your behalf will be our sole property, and you must sign those documents (and, if necessary, require your independent contractors to sign those documents) that may be deemed reasonably necessary by us to give effect to this requirement.

Innovations. If you or your owners, officers, managers, contractors, or employees conceive, invent, create, design and/or develop any ideas, techniques, methods, processes or procedures, formulae, products, services, or other concepts and features relating to Clinic operations, dermatology, medical phototherapy services, or related goods (the “Innovations”), you (or they) will be deemed to have assigned all of your (or other) rights, title and interests in the Innovations, including any intellectual property rights, to us. You and your owners, officers, managers, contractors and employees also must cooperate with us in connection with protecting the Innovations, including executing any and all instruments and do any and all acts necessary to establish our ownership of the Innovations. The Innovations may become Confidential Information.

Confidential Information. We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the “Confidential Information”), concerning operating, developing and managing Clinics. Confidential Information means the information, not generally known to the public, in any form, relating to the Clinic and its operations, including all trade secrets of the Clinic; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Clinic not generally known to the public; all records pertaining to clients, suppliers, and other service providers of, and/or related in any way to, the Clinic (such as all names, addresses, phone numbers, e-mail addresses for clients and suppliers; client purchase records and mail lists); electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that we or our affiliates designates as confidential, including all information contained in the Manuals.

You will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating the Clinic during the Franchise Agreement’s term, and that Confidential Information is proprietary and is disclosed to you only on the condition that you: (1) will not use Confidential Information in any other business or capacity; (2) will keep each item deemed to be part of Confidential Information absolutely confidential, both during the Franchise Agreement’s term and after the term for as long as the item is not generally known in the health care management and/or dermatology, nursing, or medical industries; (3) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and (4) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to Clinic personnel and others and using non-disclosure agreements with those having access to Confidential Information.

All persons with access to Confidential Information, including the Operating Owner, other managers of the Clinic, and the Medical Director, must sign non-disclosure agreements in the form we specify. You are obligated to maintain in your files those signed confidentiality agreements we specify and make them available to us upon request.

Manual. The contents of the Manual are Confidential Information. You may not disclose the Manual to any person other than Clinic employees or your attorney or other business advisors who need to know its contents in order to perform their job or render advice to you. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual. Any passwords or other

digital identifications necessary to access the Manual on an electronic platform will be deemed to be part of Confidential Information.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Operating Owner must be personally involved in the franchised business. While the Operating Owner is ultimately responsible for the management and on-site supervision of the Clinic, we may permit the day-to-day operations to be conducted by other onsite-, managerial employees. Such managerial employees do not need an ownership interest in the business. The Operating Owner will be the person with whom we will communicate on all major policy, financial, management and operation matters, and the only person from your entity that we will recognize as having authority to communicate for you your entity. You may not change the Operating Owner without our prior written consent. The Operating Owner must successfully complete our training program. The Operating Owner must have ownership interest.

Additionally, state law or third-party payors may require the Clinic to have a Medical Director who is a licensed physician. We do not require the Medical Director to be an owner of the PC, MSO, or franchisee, as applicable, but we may allow it. The involvement of the Medical Director in the day-to-day operations of the Clinic is subject to state law and requirements from third-party payors. The Medical Director must be approved by us. You may not change the Medical Director without our prior written consent. A Medical Director must sign our form of Medical Director Agreement (attached here to as Attachment 10 to the Franchise Agreement).

All individuals who own an interest in the franchisee business entity and their spouses must sign our Guaranty and Assumption of Obligations (Attachment 7 to the Franchise Agreement) and agree jointly and severally guarantee your obligations under the Franchise Agreement. These individuals must also sign our forms of Confidentiality, Non-Solicitation, and Non-Competition agreements (Attachment 4A and 4B to the Franchise Agreement). All persons with access to Confidential Information (see ITEM 14), including the Operating Owner, other managers of the Clinic, and the Medical Director, must sign non-disclosure agreements in the form we specify.

If you are required to enter into a Management Services Agreement with a PC, we must approve the PC and the Medical Director. The Management Services Agreement also contains confidentiality, non-solicitation, and non-compete provisions that will apply to the PC and its owners.

Only those who are fully licensed under the laws of the state where you operate will be permitted to provide the medical services to the patients of your clinic. As noted above, these Clinical Staff will be employed either by a PC or, where permitted, by the Franchisee. Regardless of who is supervising the day-to-day operations of the Clinic, all medical services must be provided in a professional and safe manner.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate the Clinic in strict conformity with all prescribed methods, procedures, policies, standards, and specifications of the System, as set forth in the Manual and in other writings by us from time to time. You must use the Premises only for the operation of your Clinic and may not operate any other business at or from the Premises without our express prior written consent.

You must provide all the operational and management services to the ARRAY SKIN THERAPY Clinic that we specify from time to time for the delivery of medical phototherapy services and related products to patients consistent with all applicable laws and regulations.

Subject to applicable law, the Clinic must offer all of and only the services and products we have approved. The list of approved services and products may change from time to time and there are no limitations on our right to change them. You must not offer for sale or sell at or from the Clinic any services or products we have not approved. You will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing. These requirements are intended to promote brand awareness of the Marks, but they will not impinge on or interfere with the ability of Clinical Staff to exercise professional judgment in practicing medicine, practicing nursing, and providing patient services.

If we license you to manage a Clinic, we are not engaging in the practice of medicine, practice of nursing, medical phototherapy, dermatology, or any other profession that requires specialized training, licensing, or certification. The Franchise Agreement will not interfere, affect or limit the independent exercise of professional judgment by the PC and the Clinical Staff. It will be your responsibility to research all applicable laws, and we strongly advise that you consult with an attorney and/or contact local, state and federal agencies before signing a Franchise Agreement with us, to determine your legal obligations and evaluate the possible effects on your costs and operations.

Unless you receive our prior written approval, you must not conduct marketing activities that target patients outside of your Territory. However, you may provide goods and services to any patient who selects your Clinic.

ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

PROVISION		SECTION IN AGREEMENT	SUMMARY
a.	Length of the franchise term	Section 1.1 of the Franchise Agreement	10 years
b.	Renewal or extension of the term	Sections 13.1 and 13.2 of the Franchise Agreement	Two additional 5-year successor terms.

PROVISION		SECTION IN AGREEMENT	SUMMARY
c.	Requirements for you to renew or extend	Section 13.1 of the Franchise Agreement	Substantial compliance; notice; upgrade the Clinic as we require; comply with then-current training requirements; maintain or substitute Premises; remodel and/or expand the Premises to comply with System Standards; signing of then-current successor franchise agreement; pay successor franchise fee; release us of claims. If you seek a successor franchise at the expiration of the Initial Term (also known as renewal), you will be asked to sign a new franchise agreement that may contain terms and conditions materially different from those in your previous franchise agreement, like different fee requirements or Territory.
d.	Termination by you	Section 14.11 of the Franchise Agreement	For cause. If we breach a material provision of the contract and fail to cure 90 days after written notice, then you can terminate with 30 days' notice if you are compliant with the terms of your agreement.
e.	Termination by us without cause	Section 14.2 of the Franchise Agreement	Generally, we can only terminate the Franchise Agreement if you default. We also have the right to terminate if any federal, state or local regulatory body determines that the agreement is not permissible under law and we cannot cure the issue.
f.	Termination by us with cause	Section 14 of the Franchise Agreement	Generally, we can only terminate the Franchise Agreement if you default. We have a right to step-in upon default.
g.	"Cause" defined - curable defaults	Sections 14.2 and 14.4 of the Franchise Agreement	Failure to open on time or obtain Premises; failure to satisfactorily complete training; misuse of the Marks; failure to operate during the prescribed days and hours or at the Premises; failure to pay suppliers (unless disputed); failure to pay amounts due to us or our affiliates; failure to comply with System Standards, the Manual or provisions of the Franchise Agreement; failure to obtain and maintain insurance; violate any law, ordinance, rule or regulation in connection with operation of your Clinic; use of any unauthorized good, service, or supplier; we receive repeated complaints about the clinic; failure to comply with off-premises or out-of-Territory obligations.

PROVISION		SECTION IN AGREEMENT	SUMMARY
h.	"Cause" defined - non-curable defaults	Sections 14.1 and 14.3 of the Franchise Agreement	Bankruptcy; insolvency; adverse judgment; foreclosure, levy, appointment of receiver; material misrepresentation on your ARRAY SKIN THERAPY application or breach of representations and warranties; transfer in violation of the Franchise Agreement; failure to maintain required licenses, permits or certificates; unsafe operation of the Clinic; failure to cure operations in order to meet state and local certifications; medical or nursing licenses restricted, suspended or revoked; certain kinds of criminal activity; dishonest or unethical conduct; knowingly misusing the Manual or Confidential Information; failure on 3 or more occasions within 12 months to comply with the Franchise Agreement; failure on 2 or more occasions within 18 months to comply with same obligation under the Franchise Agreement; failure to have a Medical Director if required; exclusion from any government funded health care program; violate antiterrorism laws; failure to timely secure the Premises; underreport Gross Revenues by 2%; maintenance or submission of false books or records; default under any other agreement with us and failure to cure the default; actions that materially impair the value or goodwill of the Clinic, Marks, and Systems, begin operations without authorization; use of unapproved trademark; failure to timely transfer after death or disability; abandonment of the business.
i.	Your obligations on termination/nonrenewal	Section 15 of Franchise Agreement	Cease use of Marks and Confidential Information; cease operations; return our property; transfer telephone, internet, and directory listings to us; payment of amounts due and amounts that would be due; cease operating Clinic, abide by covenants; comply with our right to purchase the Clinic assets or assume the lease; de-identify the business if required; provide us login credentials for key technologies and accounts; comply with our instructions regarding data and technology; and others. If we terminate you for cause, you will owe us liquidated damages.

PROVISION		SECTION IN AGREEMENT	SUMMARY
j.	Transfer of contract by us	Section 12.1 of Franchise Agreement	We may assign the Franchise Agreement without limitation.
k.	"Transfer" by you - defined	Section 12.2 of Franchise Agreement	Includes transfer of the Franchise Agreement, the Clinic, the lease for the Premises, substantially all of the assets of the Clinic, ownership interest in you or any of your owners, by assignment, sale, gift, or otherwise.
l.	Our approval of transfer by you	Section 12.2 of Franchise Agreement	You must obtain our approval for all transfers. Our approval will not be unreasonably withheld.
m.	Conditions for our approval of transfer	Section 12.3 of Franchise Agreement	Transferee meets our qualifications and is approved by us; your compliance with the franchise agreement; sign then current franchise agreement; payment of transfer fee; sign release; pay all amounts and file all reports owed us; transferee has no interest in a Competitive Business; completion of training; landlord consents to transfer of lease; correction of all existing deficiencies of Clinic; you adhere to non-competition provisions of the Franchise Agreement; and others. The transferee will pay a royalty fee and other fees based upon the total time the clinic has been operating, including the time when it was operated by the transferor.
n.	Our right of first refusal to acquire your business	Section 12.7 of the Franchise Agreement	We can match any offer within 30 days of notice receipt of information we request of your intent to transfer. Our right is reinstated if the terms change materially or the transfer is not completed in 90 days.
o.	Our option to purchase your business	Section 15.5 of the Franchise Agreement	We have the right upon termination, non-renewal, or expiration to purchase all your assets from the Clinic at a purchase price equal to their fair market value (as defined in the Franchise Agreement)
p.	Your death or disability	Section 12.5 of the Franchise Agreement	Your estate must transfer your interest in the Clinic to a third party we approve, within six months after death or disability. Your estate must appoint a manager within 30 days of death or disability. We have a right to step in upon death or disability.

PROVISION		SECTION IN AGREEMENT	SUMMARY
q.	Non-competition covenants during the term of the franchise	Section 7 of Franchise Agreement	Includes a prohibition on engaging in Competitive Business (defined in Section 7 of the Franchise Agreement), including any clinic, practice, or business that offers or provides, or licenses others to provide, (1) medical phototherapy services, (2) medical dermatology services, (3) management services for a clinic or business that offers medical phototherapy services or medical dermatology services, (4) any other product or service or management services that are similar to the services and products authorized to be offered, sold or provided under the Marks and the System. Non-solicitation and confidentiality covenants also apply.
r.	Non-competition covenants after the franchise is terminated or expires	Section 15.4 of the Franchise Agreement	Includes a 2-year prohibition on operating a Competitive Business at the Premises, within the Territory, the territories of other ARRAY SKIN THERAPY clinics, and within 15 miles of those territory boundaries. Non-solicitation and confidentiality covenants also apply.
s.	Modification of the agreement	Section 17.8 of the Franchise Agreement	The Franchise Agreement may only be modified by written agreement signed by both parties.
t.	Integration/ merger clause	Section 17.11 of the Franchise Agreement	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 17.5 of the Franchise Agreement	Except for certain claims, all disputes not first settled informally must be arbitrated in Orange County, California, under rules of the American Arbitration Association.
v.	Choice of forum	Sections 17.5 and 17.6 of the Franchise Agreement	AAA, Orange County, California; California courts (if any), which provision is subject to individual state laws.
w.	Choice of law	Section 17.6 of the Franchise Agreement	California, except federal Lanham Act and Federal Arbitration Act, which choice of law is subject to individual state laws.

If a state law requires any modification to these provisions of the Franchise Agreement or requires additional terms, those modifications will be found in the disclosure addenda and contractual amendments appended to this Disclosure Document. If any of the provisions in the Franchise

Agreement including those summarized above, are inconsistent with, or contrary to, applicable state law, the requirements of the applicable law or laws will be substituted for the inconsistent or contrary provisions in the agreements.

ITEM 18. PUBLIC FIGURES

We do not use any public figures to promote our franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

This Item sets forth certain information regarding the performance of the affiliate-owned ARRAY SKIN THERAPY clinics operated in five cities in California (the "Representative Clinics") during 2019, 2020, 2021, and 2022 (the "Measurement Period"). The Representative Clinics are owned by our affiliate Array Management, LLC. The Mission Viejo, CA clinic has been open since 2011; the Newport Beach, CA clinic has been open since 2012; the Los Angeles, CA clinic has been open since 2014; the Redondo Beach, CA clinic has been open since 2017, and the Placentia, CA clinic has been open since 2019.

The affiliate-owned and operated ARRAY SKIN THERAPY clinics included in this financial performance representation are substantially similar to the ARRAY SKIN THERAPY clinics for which we are offering franchises in this disclosure document, and their services are the same as those to be offered and sold by franchised ARRAY SKIN THERAPY franchised businesses.

The chart below shows the Gross Revenues of the Representative Clinics operated by our affiliate during the Measurement Period.

**Gross Revenues of the Five Representative Clinics
in 2019, 2020, 2021, and 2022**

	Mission Viejo	Newport Beach	Los Angeles	Redondo Beach	Placentia
2019	\$939,635	\$1,064,305	\$591,117	\$337,710	\$219,003
2020	\$896,881	\$1,018,680	\$461,640	\$375,832	\$ 306,111
2021	\$1,020,990	\$1,147,042	\$812,349	\$470,964	\$389,139
2022	\$934,804	\$992,258	\$852,847	\$570,593	\$443,353

For purposes of this chart "Gross Revenues" means all revenue that the business actually collects and receives from operating the ARRAY SKIN THERAPY clinic, including, but not limited to, all services and products sold, all amounts that the business charges, invoices, collects, or receives at or away from its business premises, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, but excluding all federal, state, or municipal sales, use, or

service taxes collected from patients or other clients and paid to the appropriate taxing authority. Gross Revenues includes the proceeds of any business interruption insurance or similar insurance payments the business receives to replace revenue that it lost from the interruption of the business due to a casualty or other similar event. No data presented in this Item 19 represents any funds received from the Paycheck Protection Program.

You must consider your franchised business's required Royalty Fees, Brand Fund contributions, and other required spending as part of its expected operating expenses. Under the Franchise Agreement, you are required to pay us a flat rate monthly Royalty Fees of up to \$5,000 per month and a flat rate monthly Brand Fund contribution of up to \$500 per month. Our affiliate did not make these expenditures. Additionally, you must spend at least \$1,000 per month on local marketing.

We have not audited these results, which have been reported to us by our affiliate, but we have no reasonable basis to question their reliability.

Written substantiation for the financial performance representation will be made available to you upon reasonable request.

Some outlets have sold or earned this amount. Your individual results may differ. There is no assurance you will sell or earn as much.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Kristen Miller, 2990 S. Sepulveda, Suite 208, Los Angeles, CA 90064, the Federal Trade Commission and any appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table 1
System-Wide Outlet Summary
For Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	5	5	0
	2021	5	5	0
	2022	5	5	0
Total Outlets	2020	5	5	0
	2021	5	5	0
	2022	5	5	0

Table 2
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2020 to 2022

State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table 3
Status of Franchised Outlets
For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other	Outlets at End of the Year
All States	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets
For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2020	5	0	0	0	0	5
	2021	5	0	0	0	0	5
	2022	5	0	0	0	0	5
Total	2020	5	0	0	0	0	5
	2021	5	0	0	0	0	5
	2022	5	0	0	0	0	5

Table 5
Projected Openings as of December 31, 2022

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchise Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	1	1	0
California	0	1	0
Colorado	0	1	0
Nevada	0	1	0
Utah	0	1	0
Total	1	5	0

The names, addresses, and telephone numbers of our current franchisees appear in Exhibit B.

Any franchisees who had an agreement terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during calendar year 2022, or have not communicated with us within 10 weeks of the date of this Disclosure Document are identified on Exhibit C. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisees have signed a confidentiality clause in a franchise agreement, settlement or other contract during our last 3 fiscal years that would restrict their ability to speak openly about their experience with us. As of the date of this Disclosure Document, there are no ARRAY SKIN THERAPY franchisee associations or organizations in existence regardless of whether or not they use our trademark.

ITEM 21. FINANCIAL STATEMENTS

Exhibit I includes our audited financial statements dated December 31, 2022, and December 31, 2021. Because we have not been franchising for three years or more, we do not have three years of audited financial statements. Our fiscal year ends December 31.

ITEM 22. CONTRACTS

The following contracts are attached to this Disclosure Document:

- Franchise Agreement (Exhibit D)
 - Attachment 1: Territory and Initial Fee
 - Attachment 2: Site Selection Addendum
 - Attachment 3: Listing of Ownership Interests
 - Attachment 4A: Nondisclosure and Noncompetition Agreement
 - Attachment 4B: Non-Solicitation and Nondisclosure Agreement
 - Attachment 5: Telephone Listing and Internet Authorization Agreement
 - Attachment 6: Lease Rider
 - Attachment 7: Guaranty and Assumption of Obligations
 - Attachment 8: Electronic Funds Transfer Authorization Form
 - Attachment 9: Business Associate Agreement
 - Attachment 10: Medical Director Agreement

- Management Services Agreement (Exhibit E)
 - Attachment 1: Business Services
 - Attachment 2: Service Fees
 - Attachment 3: Business Associate Agreement
- Waiver of Management Services Agreement (Exhibit F)
 - Exhibit A: Business Associate Agreement
- General Release (Exhibit K)

ITEM 23. RECEIPTS

The last two pages of this Disclosure Document (Exhibit L) are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy; please keep the other copy along with this Disclosure Document.

EXHIBIT A
FEDERAL AND STATE REGULATORY AUTHORITIES

FEDERAL TRADE COMMISSION

Franchise Rule Coordinator
Federal Trade Commission Division of Marketing Practices
Pennsylvania Avenue at Sixth Street, N.W., Room 238
Washington, D.C. 20580
Telephone: (202) 326-2970

STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA:
Commissioner of Financial Protection &
Innovation
Dept. of Financial Protection and Innovation
320 West 4th St., Ste. 750
Los Angeles, California 90013
Telephone: (213) 576-7500 or
Toll Free Telephone: (866) 275-2677

CONNECTICUT:
Eric Wilder, Director of Securities
Connecticut Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103-1800
Telephone: (860) 240-8233

HAWAII:
Commissioner of Securities
of the State of Hawaii
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
Telephone: (808) 586-2722

ILLINOIS (Registered Agent):
Tanya Solov, Director of Securities
Office of the Secretary of State
Securities Department
69 West Washington Street, Suite 1220
Chicago, IL 60602
Telephone: (312) 793-3884

ILLINOIS (Regulatory Authority):
Lisa Madigan
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
Telephone: (217) 782-4465

INDIANA:
Chris Naylor, Securities Commissioner
Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, IN 46204
Telephone: (317) 232-6681

IOWA:
Jim Mumford, Securities Administrator
Director of Regulated Industries Unit
Iowa Securities Bureau
330 Maple Street
Des Moines, IA 50319-0066
Telephone: (515) 281-5705

MARYLAND (Registered Agent):
Maryland Securities Commissioner
200 St. Paul Place,
Baltimore, Maryland 21202-2020
Telephone: (410) 576-6360

MARYLAND (Regulatory Authority):
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020
Telephone: (410) 576-6360

MICHIGAN (Regulatory Authority):
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 W. Ottawa Street
Lansing, MI 48909
Telephone: (517) 373-1152

MICHIGAN (Registered Agent):
Linda Cena, Securities Director
Office of Financial & Insurance Regulation
525 West Allegan
1st Floor Constitution Hall
Lansing, MI 48909
Telephone: (517) 241-6345

MINNESOTA:
Minnesota Dept. of Commerce
Securities-Franchise Registration
85 7th Place East, Suite 280
Saint Paul, MN 55101-2198
Telephone: (651) 539-1500

NEW YORK (Administrator/Regulatory
Authority)
NYS Department of Law
Investor Protection Bureau
28 Liberty St., 21st FL
New York, NY 10005
Telephone: (212) 416-8222

NEW YORK (Agent for Service of Process)
Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA:
North Dakota Securities Department
Fifth Floor State Capitol, Dept. 414
600 East Boulevard
Bismarck, ND 58505-0510
Telephone: (701) 328-2910

OKLAHOMA:
Oklahoma Securities Dept.
First National Center
120 N. Robinson Suite 860
Oklahoma City, OK 73102
Telephone: (405) 280-7700

RHODE ISLAND:
Division of Securities
1500 Pontiac Ave.
John O. Pastore Complex, Bld 69-1
Cranston, RI 02920
Telephone: (401) 462-9500

SOUTH DAKOTA:
Division of Insurance
Securities Regulation
124 S. Euclid, Ste. 104
Pierre, SD 57501
Telephone: (605) 773-3563

TEXAS:
Hope Andrade
Secretary of State
P.O. Box 12697
Austin, TX 78711-2697
Telephone: (512) 463-5701

UTAH:
Division of Consumer Protection
Utah Department of Commerce
160 East 300 South
SM Box 146704
Salt Lake City, UT 84114-6704
Telephone: (801) 530-6601

VIRGINIA (Registered Agent):
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
Telephone: (804) 371-9733

VIRGINIA (Regulatory Authority)
State Corporation Commission,
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
Telephone: (804) 371-9051

WASHINGTON:

Address for Service of Process:

Department of Financial Institutions

Securities Division

150 Israel Road, SW

Tumwater, WA 98501

Telephone: (360) 902-8760

Mailing Address:

Department of Financial Institutions

Securities Division

PO Box 9033

Olympia, WA 98507

WISCONSIN:

Franchise Office

Wisconsin Securities Commission

P.O. Box 1768

Madison, WI 53701

Telephone: (608) 266-3364

EXHIBIT B
FRANCHISEES AS OF DECEMBER 31, 2022

Franchise Owner	Address	Phone Number
A&C Stanton Ventures Inc* (Cheryl Stanton)	31731 North Marshall Dr. Queen Creek, AZ 85142	714-401-6256

*This franchisee signed an agreement in 2022 and will open in 2023.

EXHIBIT C
FORMER FRANCHISEES AS OF DECEMBER 31, 2022

Below are franchisees who had a Franchise Agreement terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during our last fiscal year or have not communicated with us within 10 weeks of the date of this Franchise Disclosure Document. If you buy this franchise your contact information may be disclosed to other buys when you leave the franchise system.

None.

EXHIBIT D
FRANCHISE AGREEMENT

THE ARRAY GROUP, LLC
FRANCHISE AGREEMENT

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Attachments

- Attachment 1: Territory and Fees
- Attachment 2: Site Selection Addendum
- Attachment 3: Listing of Ownership Interests
- Attachment 4A: Nondisclosure and Noncompetition Agreement
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- Attachment 5: Telephone Listing and Internet Authorization Agreement
- Attachment 6: Lease Rider
- Attachment 7: Guaranty and Assumption of Obligations
- Attachment 8: Electronic Funds Transfer Authorization Form
- Attachment 9: Business Associate Agreement
- Attachment 10: Medical Director Agreement

**THE ARRAY GROUP, LLC
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into as of the ____ day of _____, ____ (the "Effective Date") (regardless of the dates of the parties' signatures) by and between: THE ARRAY GROUP, LLC, a California limited liability company ("we," "us," or "our"), and _____, a _____ ("you" or "your").

INTRODUCTION

A. We and our affiliate(s), as a result of the expenditure of time, skill, and effort have developed (and continue to develop and modify) a medical phototherapy clinic management business that will, through independent medical providers and professionally licensed persons or entities, provide medical phototherapy services.

B. The ARRAY SKIN THERAPY medical phototherapy clinics will operate under the "ARRAY SKIN THERAPY" name and Marks (defined below) according to our system (the "System"). The ARRAY SKIN THERAPY medical phototherapy business that you will own, manage, administer and operate under the System is referred to as the "Clinic". The System currently includes providing site selection assistance; design assistance; procedures for monitoring operations and quality of services offered; procedures for management; training and assistance; guidance regarding advertising and promotional programs; business formats, methods, procedures, standards, and specifications, all of which we may change, improve, and further develop from time to time.

C. We have the right to use, promote, and license certain trademarks, service marks, and other commercial symbols in connection with Clinics, including the mark "ARRAY SKIN THERAPY," which have gained and will continue to gain public acceptance and goodwill, and we may create, use, and license other trademarks, service marks, and commercial symbols for Clinics (collectively, the "Marks").

D. We grant to persons who meet our qualifications, and are willing to undertake the investment and effort, a franchise to own and operate a Clinic using our System and Marks.

E. You have applied for a franchise for an ARRAY SKIN THERAPY Clinic at the location identified in this Agreement. Your application has been approved by us in reliance upon all of the representations made in your application, including those concerning your financial resources and the manner in which the Clinic will be owned and operated. You also understand and agree that the terms and conditions contained in this Agreement are necessary to maintain the System's high standards of quality and service and the uniformity of those standards at all Clinics and thereby agree to protect and preserve the goodwill of the Marks, and you must comply with this Agreement and all System Standards in order to maintain the high and consistent quality that is critical for ARRAY SKIN THERAPY Clinics.

1. GRANT OF FRANCHISE: TERRITORY

1.1 Grant of Franchise. You have applied for the right to own, administer, manage and operate an ARRAY SKIN THERAPY Clinic at the location identified on Attachment 1 (the "Premises") (the "Territory"). The Premises will be determined as set forth in Section 2.1 and the Site Selection Addendum, which is attached as Attachment 2. Subject to this Agreement, we grant you the right and

license (the "Franchise") to own, administer, manage and operate a Clinic at the Premises, and to use the System in its management and operation, for a term beginning on the Effective Date and expiring ten (10) years thereafter (the "Initial Term"), unless sooner terminated as provided herein. You agree at all times to perform your obligations under this Agreement faithfully, honestly, and diligently and to use your best efforts to promote the Clinic. Subject to applicable law, you must identify the Clinic and all of the products and services you offer or sell only by the Marks. You have no right to use the System or the Marks for any other purpose other than as expressly provided herein. We and our affiliates reserve any and all rights not expressly granted to you under this Agreement.

1.2 Territorial Rights.

(a) After the Premises are accepted as set forth in Section 2.1, the description of the "Territory" will be inserted in Attachment 1. Except as provided for below, and provided that you are in full compliance with this Agreement, we and our affiliate(s) will not operate or grant a franchise for the operation of another ARRAY SKIN THERAPY-branded medical phototherapy clinic operating under the System and the Marks at a fixed location within the Territory, during the Initial Term of this Agreement.

(b) You may not advertise, solicit, or market outside your Territory unless we grant you prior permission. You may not sell products or provide services outside of your Territory or off-Premises unless we grant you prior written permission to do so. If you obtain our prior written permission, you must follow our policies regarding any out-of-Territory or off-Premises activity. If we grant you permission to conduct any out-of-Territory or off-Premises activity, you do not receive any additional territory or exclusivity rights. We have the right to terminate or suspend your approval to conduct any out-of-Territory or off-Premises activities. You do not have the rights to sell any items or any other channel of distribution, including the Internet, catalog sales, telemarketing, wholesale, or other direct marketing.

(c) You recognize and acknowledge that (i) you will compete with other ARRAY SKIN THERAPY businesses which are now, or which may in the future be, located near or adjacent to your Territory and (ii) that such businesses may be owned by us, our affiliates, and/or third parties.

(d) You have no right of first refusal or other options to open any additional ARRAY SKIN THERAPY businesses.

1.3 Rights We Reserve. We grant franchises and the rights to develop and operate ARRAY SKIN THERAPY businesses only pursuant to the express terms of written agreements and not orally. All rights that are not granted to you in this Agreement are specifically reserved to us, and we will not be restricted in any manner from exercising them nor will we be required to compensate you should we exercise them. This includes the right, directly or through others and regardless of either (a) proximity to your Premises or Territory or (b) any actual or threatened impact on sales of your business to:

(a) use the Marks and System in connection with establishing and operating ARRAY SKIN THERAPY businesses at any location outside the Territory;

(b) use the Marks or other marks in connection with selling or distributing any goods (including branded merchandise or products) or services anywhere in the world (including within the Territory), whether or not you also offer them, through channels of distribution other than operating an ARRAY SKIN THERAPY-branded medical phototherapy clinic that operates using the

Marks and the System at a fixed location, including, for example, retail locations, catalogs, mail order, or the Internet or other electronic means;

(c) acquire, establish or operate, without using the Marks, any business of any kind at any location anywhere in the world (including within the Territory); and

(d) use the Marks in connection with soliciting or directing advertising or promotional materials to patients and clients anywhere in the world (including within the Territory).

1.4 Modification of the System. You understand and agree that we may operate and change the System in any manner that is not expressly and specifically prohibited by this Agreement. Because complete and detailed uniformity under many varying conditions might not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we consider to be best, to vary System Standards (defined below in Section 4.4) for any franchisee or any ARRAY SKIN THERAPY Clinic based upon any conditions that we consider important to that franchisee's or Clinic's operation. You may request that we grant you a variation or accommodation, but we have no obligation to do so. You acknowledge that the System, the services, and products offered by the Clinic may be modified (such as, but not limited to, the addition, deletion, and/or modification of operating procedures, products, and services) from time to time by us; and you agree to comply, at your expense, with all such modifications, including, without limitation, all requirements needed to implement the modifications. You agree there is no limit to our ability to modify the System. You may be required to pay additional or increased fees to us, our affiliates, or third-party vendors, as a result of these System changes. You recognize and acknowledge that changes to the system may require modification of the structure of your Clinic's operations, ownership, and contractual relationships, including the requirement to have Clinical Staff provide services at the Clinic or entering into a Management Services Agreement with a PC, and you agree to comply with all laws that may be applicable due to a change in the System.

1.5 Corporation, Limited Liability Company, or Partnership. At all times during the Initial Term, you must be a corporation, limited liability company, or general or limited partnership (collectively, an "Entity") duly organized or formed and validly existing in good standing under the laws of the state of your formation. You additionally agree and represent:

(a) You have the authority to sign, deliver, and perform your obligations under this Agreement and all related agreements.

(b) You will not alter, change, or amend your organizational documents, operating agreement, or partnership agreement, as applicable, without obtaining our approval, which approval we will not unreasonably deny or withhold, and will grant if such changes will not prevent you from performing your obligations under this Agreement.

(c) Your organizational documents, operating agreement, partnership agreement, or ownership certificates, as applicable, will recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement's restrictions.

(d) Attachment 3 to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date.

(e) Subject to our rights and your obligations under Section 12, you and your owners agree to sign and deliver to us a revised Attachment 3 to reflect any permitted changes in the information that Attachment 3 now contains.

(f) Each of your owners who holds an interest in the Entity during this Agreement's Initial Term will sign a guaranty, in the form we prescribe, undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of guaranty is set out in Attachment 7.

(g) You will appoint a shareholder, member, or partner, as applicable, to be your "Operating Owner," responsible for managing and supervising the operation of the Clinic. The Operating Owner, as of the Effective Date, is identified in Attachment 3. The Operating Owner will be the person with whom we will communicate on all major policy, financial, management and operational matters, and the only person from your Entity that we will recognize as having authority to communicate for and on your behalf and on behalf of your Entity. You may not change the Operating Owner without our prior written consent, which we will not unreasonably withhold provided that the proposed new Operating Owner meets our then-current qualifications and standards and successfully completes our then-current training programs as we may require.

1.6 Structure and Operation of Clinic.

(a) If you can certify to us, and provide support for the conclusion through a writing of an attorney that you are permitted to both own and operate a Clinic in the state where the Clinic will be located, including hiring medical, nursing, and professional personnel and providing medical phototherapy services to patients at the Clinic, then you, as the franchisee, must enter into our form of Waiver of Management Services Agreement. You will be solely responsible for operating the Clinic and providing or arranging for and supervising the provision of medical phototherapy services to patients of the Clinic, in addition to performing all the obligations imposed upon you by this Agreement.

(b) Management Services Agreement.

(i) If you cannot provide the foregoing certification, or your offered support is not deemed sufficient to us, then prior to commencing operations of the Clinic, you must enter into a Management Services Agreement ("Management Services Agreement") we approve with an independent professional corporation, professional limited liability company, or licensed medical services providers (each is a "PC") whereby you will provide management and administrative services and support consistent with the System, to support the PC's clinical medical phototherapy practice and its delivery of clinical medical phototherapy services and related products to patients. The PC shall employ or contract with and control all personnel requiring medical, nursing, and professional licensure, including all physicians, dermatologists, registered nurses, and nurse practitioners providing care at the Clinic (collectively, the "Clinical Staff"). The Management Services Agreement shall be deemed to amend this Agreement where necessary to reflect that you will be administering and managing the Clinic and not in any way practicing medicine or nursing. You shall not provide any actual medical services, nor shall you supervise, direct, or control the PC or its Clinical Staff or employees, the manner in which the PC or its Clinical Staff or employees provides or may provide health care services to its patients. You may not sign the final Management Services Agreement with the PC before you obtain our prior written approval.

(ii) We must approve the PC candidate. We are not obligated to assist you in finding a PC candidate. Neither our approval of the PC nor any of our incidental efforts to help you find a suitable PC will make us liable for the performance of the PC. Our involvement in approving or incidental help in locating a suitable PC will not give us the right to directly or indirectly impinge on or interfere with the ability of the Clinical Staff to exercise professional judgment in practicing medicine or nursing and providing patient services.

(iii) The Management Services Agreement must remain in effect with a PC at all times during the operation of the Clinic and the Initial Term of this Agreement. You and the PC may not amend the Management Services Agreement before you obtain our prior written approval of the terms of any such amendment.

(iv) If you are required to enter into a Management Services Agreement with a PC, the management and administrative services that you must provide to the PC include, but are not limited to the following all in compliance with the applicable law and all of these services must comply with the System: general business management; bookkeeping; reporting; management information services including patient scheduling; billing and collection services; administering cash disbursements; advice regarding licensing, permits, and Clinical Staff credentialing; human resource support; recruitment assistance; payroll services; arranging for services necessary for business operations; providing advertising and marketing services; assistance in negotiating contracts and managing supply relationships; maintain files and patient records; file annual reports and tax documents; advice regarding and procurement of insurance; management of the inbound and outbound sales processes; assistance with patient retention and communication; providing of the Premises and certain equipment and maintaining them.

(v) For all these management and administrative services you will receive a service fee (the "Service Fee") from the PC. Service Fees must comply with state law and are subject to the negotiations between you and the PC.

(vi) Neither you nor we shall have any control with respect to the fees charged by the PC for the services it renders to its patients. The PC shall be solely responsible for and have full authority and control over the practice of medicine, nursing, and medical phototherapy and the provision of medical, nursing, phototherapy services, and patient care by or at the ARRAY SKIN THERAPY Clinic and other aspects of the clinical practice of medicine or nursing, including: (i) the control of a patient's medical records, including determining the contents thereof; (ii) the selection, oversight, and hiring/firing (as it relates to clinical competency or proficiency) of Clinical Staff; (iii) setting the parameters under which Clinical Staff will enter into contractual relationships with third-party payers; (iv) final decisions regarding coding and billing procedures for patient care services; (v) approving of the selection of medical equipment and medical supplies for the Clinic; (vi) the determination of fees for such care, goods and services; (vii) diagnostic tests, treatment plans, clinical necessity and course of care and the necessity and appropriateness of the foregoing; (viii) hours of operation and scheduling of patients and Clinical Staff, including determining how many patients Clinical Staff must see in a given period or how many hours a Clinical Staff member must work; (ix) determining the need for referrals to or consultation with another healthcare provider; (x) equipment and supplies used in treating each patient; (xi) determining the fees to be charged for medical services; and (xi) any and all other matters included within the definition of "medicine," "nursing," "dermatology," "practice of medicine," or "practice of nursing" under applicable laws governing the practice of medicine and practice of nursing.

(c) For purposes of this Agreement, "Gross Revenues" of the Clinic means all revenue that is actually collected and received from operating the ARRAY SKIN THERAPY Clinic, including, but not limited to, all services and products sold, all amounts that the Clinic charges, invoices, collects, or receives at or away from the Premises, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, but excluding all federal, state, or municipal sales, use, or service taxes collected from patients or other clients and paid to the appropriate taxing authority. Gross Revenues includes the proceeds of any business interruption insurance or similar insurance payments the Clinic receives to replace revenue lost from the interruption of the business of the Clinic due to a casualty or other similar event.

(d) If required by state law or third-party payors, you must appoint a designated "Medical Director." State law or third-party payors may require that the Medical Director be a physician who is fully licensed to practice medicine in the jurisdiction where the Clinic operates or even require that he or she be a board-certified dermatologist. We must approve the Medical Director. We do not require the Medical Director to have ownership in the franchisee or in the PC, though that may be required by state law or the terms of third-party payors. You will be solely responsible for ensuring that the Clinic's relationship with the Medical Director complies with all laws. You are also solely responsible for determining the nature of the relationship with the Medical Director, as independent contractor or employee of the franchisee or PC, as applicable. The role of the Medical Director and the degree of oversight, supervision, and involvement with the Clinic is subject to law and the requirements of third-party payors. We will require the Medical Director to enter into our form of Medical Director Agreement which is attached hereto as Attachment 10. You cannot replace the Medical Director until you receive our prior written consent.

1.7 Representations and Warranties. You make the following representations and warranties to us:

(a) You understand and agree that you are solely responsible for operating the Clinic in full compliance with all laws. Applicable laws include, without limitation, federal, state and local regulations relating to the practice of medicine and practice of nursing and the operation and licensing of medical services, the relationship of providers and suppliers of health care services, anti-kickback laws, telemedicine requirements, restrictions on the corporate practice of medicine, laws applying to prescriptions, restrictions or prohibition on fee splitting, self-referral restrictions, payment systems for medical benefits available to individuals through insurance and government resources, privacy and security of client records, use of medical devices, and advertising of medical services, and or any other law, rule, or regulation applicable to the provision of medical services, as they may be revised, enacted to or otherwise modified after the date of this Agreement (collectively, the "Medical Regulations"). You acknowledge and agree that if there are (1) any changes in Medical Regulations, (2) changes in the goods and services that you offer at the Clinic, or (3) changes to the System, that would render your operation of the Clinic in violation of any Medical Regulation you will immediately advise us of such change and of the corrective actions you propose to take in order to come into compliance with Medical Regulations. You represent and warrant to us that you understand you are solely and exclusively responsible to ensure that your Clinic is operated, and that all services and goods you are authorized to offer are rendered, in accordance with all applicable laws, including the Medical Regulations. You represent and warrant that the structure, entity, and agreements you select for ownership and operations of the Clinic, its relationship to, as applicable, Clinical Staff and a PC are compliant with and permitted by applicable law, including Medical Regulations.

(b) You represent and warrant to us that you have conducted independent research regarding the Medical Regulations that are applicable to medical phototherapy service clinics and medical services generally, and the Clinic specifically in the Territory, including retaining the services of qualified professional advisers.

(c) You acknowledge and agree nothing in this Agreement, the Manual, the training provided, or otherwise shall be interpreted as authorizing us to exert control over the delivery of medical services, to the extent that any such services require the judgment, treatment, and/or action of a Clinical Staff member in the applicable jurisdiction of the Clinic. Such judgment, treatment, and/or action shall be exclusively determined by a Clinical Staff member and the Manual shall be interpreted consistently therewith. Any training and assistance we provide relates solely to the performance of activities not regulated by Medical Regulations; under no circumstances shall training and assistance constitute the practice of medicine or nursing or providing of medical services. Under no circumstances will our standards, procedures, requirements relate to the delivery of medical services or the practice of medicine or nursing. You acknowledge and agree that we will not provide any clinical care, nursing, or medical services, nor will we supervise, direct, or control the PC or its Clinical Staff the manner in which the PC provides medical, nursing, or clinical services to its patients.

(d) You represent and warrant that the structure, entity, and agreements you select for ownership and operations of the Clinic, its relationship to, as applicable, Clinical Staff and a PC are compliant with and permitted by applicable law, including Medical Regulations.

2. DEVELOPMENT OF THE CLINIC

2.1 Location Acceptance.

(a) You must lease, sublease, or acquire a site for the Clinic, in accordance with all applicable laws and the Site Selection Addendum attached as Attachment 2 (the "Site Selection Addendum"). Upon our acceptance of a location, and after you secure the location, in accordance with the Site Selection Addendum, that location will be the "Premises" for the Clinic, and we will insert its address into Section 1 of Attachment 1 and describe the Territory in Section 2 of Attachment 1. You will have three (3) months from the Effective Date to obtain our prior written acceptance of the site for the Clinic.

(b) You agree to obtain our written acceptance of the proposed location for the Clinic before signing any lease, sublease, or other document for the site. You acknowledge that our acceptance is not a guaranty, warranty, promise or representation that the proposed location will be successful or attain any level of income or profit. Our acceptance merely indicates that the proposed location meets our criteria for ARRAY SKIN THERAPY Clinics.

(c) We will have fifteen (15) days after you submit your complete request in which to accept or reject the site. You must obtain lawful possession of the Premises through a lease or purchase within thirty (30) days after acceptance of the site by us. If the site is rejected you must promptly submit another site selection package for another site. You must obtain our acceptance of the lease. Any lease for the Premises shall, in form, be satisfactory to us. All leases pertaining to the Premises shall also include an Addendum in the form of Attachment 6 attached hereto, or shall contain terms and conditions substantially similar to those contained in Attachment 6 which we have accepted in writing. You shall deliver a copy of the signed lease, sublease or lease assignment to us within ten (10) days of its execution.

(d) Unless you receive prior written approval from us, you may operate the Clinic only from the Premises, and you may not relocate the Clinic except with our prior written consent. Any site to which you desire to relocate must meet our then-current standards for an accepted site. Additionally, you will pay us a relocation fee equal to Twenty Five Percent (25%) of the then-current initial franchise fee. Half of the relocation fee will be due at the time you request our review of the new site and half will be due at the time we notify you of our acceptance of the site. The Premises may be used only for the operation of a Clinic and other related activities approved by us in writing. You shall not allow the Premises of the Clinic to be used for any other purpose.

2.2 Clinic Development.

(a) You are solely responsible for developing the Clinic, including completing the construction and/or remodeling, equipment, fixture, furniture and sign installation and decorating of the Clinic in full and strict compliance with plans and specifications approved by us and all applicable statutes, rules, ordinances, building codes and permit requirements. We will provide certain recommended or required specifications for your Premises, including recommended layout and design. You are solely responsible for ensuring the plans for the Clinic comply with applicable ordinances, building codes, and permit requirements. We will provide mandatory and recommended specifications for the recommended or required equipment, fixtures, furniture, and supplies.

(b) You agree to do the following, at your own expense, to develop the Clinic at the Premises: (i) secure all financing required to develop and operate the Clinic (we will not provide you with any financing for Clinic development); and (ii) purchase or lease, and install, all required fixtures, furniture, equipment (including required or recommended phototherapy equipment, office and waiting room furniture, and fixtures), Technology (as defined below), and signs (collectively, "Business Assets") for the Clinic.

(c) It is your sole responsibility to make sure that the design and construction of the Clinic and the Premises are in compliance with all applicable laws and regulations including without limitation, the Americans with Disabilities Act. The Franchisee Indemnifying Parties shall indemnify and hold the Franchisor Indemnified Parties harmless against any and all claims, actions, causes of action, costs, fees, fines and penalties, of every kind and nature, should the design and/or construction of the Clinic fail in any way to comply with any applicable laws, including, without the limitation, the Americans with Disabilities Act. You must present us with the architectural, engineering, and design plans for your Clinic and obtain our acceptance of them before commencing any construction or remodeling. You must obtain our acceptance of any material deviations from the construction plans previously accepted. You agree to provide us with updates about the construction as we request them.

2.3 Business Assets. You agree to use in operating the Clinic only those Business Assets that we approve for ARRAY SKIN THERAPY Clinics as meeting our specifications and standards for quality, design, appearance, function, and performance. You agree to place or display at the Premises (interior and exterior) only the signs, lettering, logos, and display materials that we approve from time to time, subject to, and only in strict compliance with, the local rules and regulations regarding the operation and advertising of or for a medical phototherapy Clinic. You agree to purchase or lease approved brands, types, or models of Business Assets only from suppliers we designate, suggest or approve (which may include or be limited to us and/or our affiliate(s)). We reserve the right to charge you a fee for our review. You and we acknowledge and agree that the selection and use of any equipment and products used in connection with medical and nursing services provided by the PC

will be subject to the PC's approval based on the professional opinion of the Clinical Staff. The foregoing is only to the extent that we have them, and nothing shall require us to provide a designation, suggestion, or approval where we do not have a requirement.

2.4 Technology.

(a) You must obtain and use the Technology we require from time to time. "Technology" means hardware; electronics; computer systems; mobile devices; applications; software, online services, and cloud-based systems; communications links, systems, providers, and applications; robotics; and other technologies available now or developed in the future, including practice management systems and/or electronic medical records systems. We may modify specifications for and components of the Technology. Our modification of specifications for the Technology might require you to purchase, lease, and/or license new or modified Technologies and to obtain service and support for the Technologies. There are no limitations on the frequency or cost of your obligations to change, upgrade, and update your Technologies. We have no obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Technologies. Although we cannot estimate the future costs of the Technology or required service or support, you agree to incur the costs of obtaining the components comprising the Technology. You must ensure that the installation and operation of the Technology complies with all laws, including the Medical Regulations.

(b) We may develop proprietary or non-proprietary Technology. Accordingly, we may require that you enter into a license agreement with us or our affiliate, which may require you to pay us commercially reasonable fees and/or enter into license agreements directly with vendors. Additionally, if we enter into a license agreement with a vendor and sublicense the Technology to you, we may charge you for all amounts we pay to the vendor based on your use, plus a reasonable amount to compensate us for the services that we or our affiliate provide.

(c) Despite the fact that you agree to buy, use, and maintain the Technology according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Technology; (2) the manner in which your Technology interfaces with our and any third party's computer system; and (3) any and all consequences if the Technology is not properly operated, maintained, and upgraded. You may not install any software, other than authorized upgrades, or make any hardware modifications to the Technology that might hamper or interfere with the operation of the Technology in the manner we require.

(d) Data that we reasonably believe to be necessary or desirable for the operation or management of the Clinic is or may be currently stored on your Technology, subject to your and our compliance with the applicable requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), including all pertinent regulations (45 CFR Parts 160 and 164) issued by the U.S. Department of Health and Human Services, as either have been amended by Subtitle D of the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5), and with all other applicable state and federal laws and regulations, as they may be amended from time to time. Subject to applicable laws, we and our agents shall have the right to access all information related to the operation of the Clinic that is accessed or stored on the Technology, whether in-person or from a remote location, without the need for your consent, at the times and in the manner we prescribe and you must establish and maintain your Technologies so that we can exercise this right 24/7. We may use data from the Technology in any way we deem fit.

There is no limitation on our right to access your Technology. You must provide us with usernames, passwords, and other login credentials needed to access your Technology.

(e) Neither we nor our affiliates are responsible for, nor shall be liable to any party, for any loss of data related to your business or the Clinic, including in circumstances where we or our affiliate is the supplier of the Technology with which the data is collected, maintained, stored, or processed and in circumstances where we have required you to use a specific Technology provider.

(f) You acknowledge and agree that changes to Technology are dynamic and not predictable within the term of this Agreement. To provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of Technology in the System; and you agree that you will abide by those reasonable new standards established by us, at your sole cost and expense. You may be required to pay additional or increased fees to us, our affiliates, or third-party vendors, as a result of these changes to Technology. You may be required to purchase new or additional Technology.

2.5 Opening of the Clinic. You agree not to open the Clinic until:

(a) we notify you in writing that the Clinic meets our standards and specifications (although our acceptance is not a representation or warranty, express or implied, that the Clinic complies with any licensing, labor, building, fire, occupational, landlord's, insurance, safety, tax, governmental, or other statutes, rules, regulations, requirements, or recommendations nor a waiver of our right to require continuing compliance with our requirements, standards, or policies);

(b) you have retained legal counsel to advise you on all applicable federal, state and local healthcare laws, rules and regulations and to counsel you on your compliance with them, including the Medical Regulations;

(c) you have received all required state and local government certifications, permits and licenses necessary for the operation of the Clinic, including any required licenses and certifications for its personnel;

(d) your Operating Owner satisfactorily completed all training that we require;

(e) you pay the initial franchise fee and other amounts then due to us;

(f) you have signed all agreements required prior to the opening of the Clinic, including, but not limited to, this Agreement, any required Management Services Agreement, any lease, and any software license agreements;

(g) you are not in default under or in violation of any agreements by and between you and us or any of our affiliate(s) or suppliers;

(h) if required by state law or third-party payors, a Medical Director has been identified, approved by us, and has entered into the Medical Director Addendum attached hereto as Attachment 10;

(i) you give us certificates for all required insurance policies;

- (j) you have our express authorization to open.

Subject to your compliance with these conditions, and except as we may otherwise approve, you agree to open the Clinic for business within one hundred eighty days (180) days from the Effective Date.

2.6 Telephone. You shall establish a local telephone number for the Clinic. You shall keep us notified as to the current telephone number for the Clinic. In no event shall you use such number for any other business. You further covenant that in the event you obtain any additional or substitute telephone service or telephone number at the Clinic, including personal cellphone numbers, you will promptly notify us and such additional or substitute number shall be subject to the terms of this subsection. You agree to assign all such numbers to us on our request.

3. FEES

3.1 Initial Franchise Fee. You agree to pay us an initial franchise fee in the amount set forth in Attachment 1. This fee is due when you sign this Agreement and is nonrefundable.

3.2 Royalty. In consideration of the license granted to use the Marks and the System, you agree to pay us, a recurring monthly fee (the "Royalty Fee") in the amount set forth in Attachment 1. The Royalty Fee must be transmitted in the manner we specify, which may include, as provided for in Section 3.7, an automatic, electronic debit of funds on a monthly basis. In addition, you agree to send us on a form we require, or as we otherwise direct, a signed statement of the Gross Revenues for the preceding month. The first Royalty Fee shall be due the first month that you commence operations of the Clinic.

3.3 Technology Fee. We reserve the right to establish a "Technology Fee" for our development, implementation, and maintenance of third party or proprietary technologies to be used by our franchisees. We have the right to increase this fee with thirty (30) days' notice. We have the sole right to change, modify, delete, and add goods and services provided for under the Technology Fee. You agree to pay us the Technology Fee, as adjusted from time to time by us, should we implement it.

3.4 Software Fees. We reserve the right to charge you a one-time software licensing fee not to exceed Two Thousand Five Hundred Dollars (\$2,500) and an ongoing licensing fee of One Thousand Dollars (\$1,000) per year. You agree to pay us the Software Fee, as adjusted from time to time by us, should we implement it.

3.5 Late Fees, Insufficient Funds, and Interest. All amounts which you owe us for any reason, will bear interest accruing as of their original due date at One and One-Half Percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. We may debit your bank account automatically for late fees and interest. You acknowledge that this Section 3.5 is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Clinic. We reserve the right to charge you up to Two Hundred and Fifty Dollars (\$250) per occurrence for failure to have sufficient funds available for payments due to us.

3.6 Application of Payments. Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your

owners owe us or our affiliate(s) or key suppliers against any amounts we or our affiliate(s) owe you or your owners. You may not offset or withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

3.7 Method of Payment. Before the Clinic opens, you agree to sign and deliver to us the documents we require to authorize us to debit your business checking account automatically for the Royalty Fee, and other amounts due under this Agreement and for your purchases from us and/or our affiliate(s) (the "Electronic Funds Transfer Authorization" or "EFTA"). Our current form of EFTA documents is attached as Attachment 8. We will debit the account subject to the EFTA for these amounts on their due dates. You agree to ensure that funds are available in the account subject to the EFTA to cover our withdrawals. You must advise us at least fifteen (15) days prior to any change in your business checking account or financial institution and no change will be permitted without our prior authorization. Notwithstanding the foregoing, our access to your business checking account by EFTA shall be utilized by us only for your payments required under this Agreement. We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic debit (e.g., by check) whenever we deem appropriate. We may require the payments, or automatic debits, be made more or less frequently than specified under the due date of a specific fee, but not more frequently than once a week. You agree to comply with our payment instructions as they may be modified from time to time. You must comply with all of our payment policies, procedures, and requirements, as described in the Manual, which we may modify from time to time. All payments are due upon the "Due Dates" set forth in this Agreement, the Manual, or other written communications from us and may be changed upon thirty (30) days prior notice. If you have not reported Gross Revenues to us for any fiscal period, we may transfer from your business checking account an amount calculated in accordance with our estimate of the Gross Revenues during the fiscal period. If, at any time, we determine that you have underreported your Gross Revenues, or underpaid the Royalty Fees, or other amounts due under this Agreement, or any other agreement, we may initiate an immediate transfer from the business checking account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited to the business checking account effective as of the first reporting date after we and you determine that such credit is due. Alternatively, we shall have the right in lieu of the report submission procedure outlined above to obtain Gross Revenues data derived directly your Technology.

3.8 Payment of Taxes. You must pay in a timely manner all local, state and federal sales, business, property, goods and services taxes and all other taxes, rates, levies and fees levied or assessed by any governmental authority directly or indirectly in connection with the Clinic. The Franchisee Indemnifying Parties must indemnify the Franchisor Indemnified Parties and hold us harmless against any penalties, interest, and expenses incurred by or assessed against us as a result of your failure to withhold taxes or to timely remit them to the appropriate taxing authority.

3.9 Other Fees. If we or our affiliate(s) are the designated supplier for any required product or service for the Clinic, you shall pay us or our affiliate(s)' then-current rates for such products or services. We also reserve the right to modify the System, which changes may require additional fees and expenses to be paid to us, our affiliates, or third parties.

3.10 Security Agreement. You agree to give no security interests, pledges or encumbrances in your inventory, leasehold, fixtures, vehicles, equipment, securities or franchise agreement without our prior written approval, which shall not be deemed a consent to assignment. We will not unreasonably withhold approval, but we are legitimately concerned to ensure: (a) that you do not lose the business; (b) that the business not be lost to the franchise system; and (c) that we do not

have to defend a claim to franchisee rights by anyone it shall not have agreed to accept as a franchisee. In order to secure the prompt performance of your obligations under this Agreement, you grant us and we take a first priority security interest in all of your assets, including without limitation, all present and after acquired inventory and equipment wherever located, accounts, deposit accounts, chattel paper, instruments, contract rights (including your rights under this Agreement) and general intangibles, including payment intangibles, and all proceeds and products thereof including insurance proceeds. All items in which a security interest is granted are referred to as the "Collateral." We agree to subordinate our security interest in the Collateral to the prime lender for the purchase of the Clinic and/or development of the Clinic. This Agreement and the Franchise granted to you hereunder may not be used by you as collateral or be the subject of a security interest, lien, levy, attachment or execution by your creditors, any financial institution, or any other party, except with our prior written approval. The security interest is to secure payment of the following (the "Indebtedness"): (a) all amounts due under this Agreement or otherwise by you; (b) all sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness; (c) all expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the security interest and this Agreement; and (d) all other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not we execute any extension agreement or renewal instruments. You will from time to time as we require join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us. Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral. You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under the Uniform Commercial Code of California (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above. This Agreement shall be deemed a security agreement and a financing statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

3.11 Modifications Required By Law. If applicable law in a state prohibits us from calculating and collecting fees in the manner set forth above, we reserve the right to modify the manner of calculating fees due to us.

3.12 Inflation Adjustments. We and our affiliates reserve the right to increase the amount of any flat fee provided for hereunder, or due to us or our affiliates under this Agreement or a related agreement ("Inflation Adjustment"). An Inflation Adjustment shall be in relation to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor, the cost-of-living-adjustment ("COLA") using the COLA factors determined by the United States

Department of Labor, or such other measure determined reliable by us. We will notify you of the amount or percentage adjustment thirty (30) days prior to their effective date.

4. TRAINING AND ASSISTANCE

4.1 Initial Training.

(a) We will conduct an initial training program for up to three (3) attendees, one of which must be your Operating Owner. We will provide the initial training program at our headquarters or at a designated location of our choice. We also reserve the right to implement remote, online training that may be required in addition to the live training or replace elements of the live training. We will provide the initial training for three (3) attendees for no additional fee. You agree to pay for all travel and living expenses which your Operating Owner and all of your employees incur and for your employees' wages and workers' compensation insurance while they attend any training program.

(b) Your Operating Owner must complete initial training to our satisfaction and receive our certification. If we determine that your Operating Owner cannot complete initial training to our satisfaction, we may terminate this Agreement.

(c) Before your Clinic opens for business, we will, at our cost, send a representative to your Clinic for up to two (2) days to assist with the pre-opening and opening of your Clinic.

4.2 Additional Training; Ongoing Training; Training of Replacement Personnel.

(a) If we require you to receive additional training because you are not operating the Clinic in accordance with our standards or if you request additional training outside of the normal course of training we provide, we reserve the right to charge you an additional training fee. We will charge you our then-current additional training fee, and in all events, you will be solely responsible for the travel, lodging, food and other living expenses of the trainer(s) and your employees. Similarly, from time to time we may make trainings, meetings, and conventions available for franchisees and their representatives to attend. We can mandate attendance at these meetings and charge an attendance fee. You will be solely responsible for the travel, lodging, food and other living expenses of the representatives who attend these meetings.

(b) We may require your Operating Owner and/or other previously trained and experienced employees to attend and complete satisfactorily various training courses or refresher courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify. We reserve the right to charge fees for these courses. Additionally, you agree to pay all the travel, lodging, food and other personal costs of the attendees.

(c) At your election, you may send those of your employees who attended the initial training program to our headquarters for additional or refresher training. We reserve the right to charge a tuition fee for these refresher sessions. Additionally, you will be responsible for the travel, living and other costs of attendance of the attendees at any refresher training sessions. Refresher training programs will be conducted simultaneously with the initial training program.

(d) We can require your Operating Owner and other key employees to attend trainings we provide. If you are approved to have a replacement Operating Owner, that replacement Operating

Owner must satisfactorily complete such training programs as we may require. You agree to pay all travel and living expenses incurred during all training courses and programs by your employees.

(e) You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time. If you request advice, information, or assistance at a level greater than what is provided to other franchisees, we reserve the right to charge you our then-current training fee. In addition, all management personnel and other personnel working at the Clinic must satisfactorily complete all state and local government required training and must meet all required licensing requirements.

(f) We may, at any time during the Initial Term of this Agreement, decertify any previously certified personnel if we deem or determine that a person is no longer complying with our standards and procedures. Any person that has been decertified must satisfactorily complete a training or re-training program to receive our certification. We reserve the right to charge for training personnel that have been decertified and to deny recertification to any person who fails to meet our standards and procedures for certification, as we, in our discretion, may determine.

(g) In addition, all management personnel and other personnel working at the Clinic must satisfactorily complete all state and local government required training and must meet all required licensing requirements.

4.3 General Guidance. We will advise you from time to time regarding the Clinic's operation based on your reports to us and/or our direct or indirect observations, and we will provide general guidance, including, but not limited to: (a) System and System Standards; (b) advertising and marketing materials and programs; (c) non-Clinical Staff employee training; and (d) administrative, bookkeeping, and accounting procedures. We may, but are not obligated to, provide you with information, recommendations or suggestions with regard to new services, products, methods, techniques and procedures for use in your Clinic. We will provide guidance through our Manual; in bulletins or other written materials; by electronic media; by telephone consultation; and/or at our location or the Clinic. Our guidance does not constitute and is not intended to be used as a substitute for individual legal advice and counsel or guidance from regulatory agencies, as appropriate.

4.4 Operations Manual.

(a) During the Initial Term, we will provide you with access to our Operations Manual ("Manual"), which may include written materials, policy and procedure statements, audiotapes, videotapes, other electronic media, information distributed electronically or via the Internet. The Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("System Standards") that we periodically prescribe for the operation of a Clinic and information on your other obligations under this Agreement. We may modify the Manual as frequently as we feel is in our best interests to keep our brand relevant and competitive to consumers and will make corresponding changes to the Manual and you must adopt and conform to all changes at your expense within the time we allow, which will be reasonable for the specific type of change that we implement. The Manual is designed to protect our Marks, System, brand image, goodwill, and standards and not to control the day-to-day operations of the Clinic.

(b) You agree that the Manual's contents are confidential and that you will not disclose the Manual to any person other than your employees and advisors who need to know its contents to perform the duties for which they have been hired or engaged. You may not at any time copy,

duplicate, record, or otherwise reproduce any part of the Manual. At all times, the Manual will be our property. You must promptly return the Manual to us upon the expiration, nonrenewal, transfer, or termination of this Agreement for any reason. The Manual is deemed Confidential Information (defined in Section 6 below).

(c) At our option, we may post some or all of the Manual through online, digital, or electronic methods and provide you with credentials which will allow you to access the Manual. You agree to monitor and access any such platform for any updates to the Manual or System Standards. Any passwords or other digital identifications necessary to access the Manual through online, digital, or electronic methods will be deemed to be part of the Confidential Information.

(d) The Manual is intended to be used as a general reference guide, to set out our System Standards, and is not intended to be used as a substitute for individual legal advice and counsel or guidance from regulatory agencies, as appropriate. Notwithstanding any unanticipated effect of any provision of the Manual, you agree to operate the Clinic in full compliance with all applicable laws.

4.5 Employee Training. It is solely your responsibility to ensure that all new employees and current employees are trained to perform their duties in a proper manner. You shall implement an employee training program at your expense and subject to our System Standards. You shall ensure that all employees have necessary certifications credentials as required by applicable laws to fulfill their responsibilities. If we provide training to your employees upon your request, you hereby release, indemnify and hold harmless us and our affiliates, agents and employees from all claims, causes of action, expenses, costs, debts, fees, liabilities and damages of every kind arising out of or related to the training and/or the continuing education of your employees as set forth herein. Nevertheless, you shall not have the obligation to train Clinical Staff in matters regarding the practice of medicine, nursing, or any other services requiring professional licensure. All management personnel and other personnel working at the Clinic must satisfactorily complete all state and local government required training and must meet all required licensing requirements.

5. INTELLECTUAL PROPERTY

5.1 Ownership and Goodwill of Marks. We have the right to use and license the Marks in connection with the franchising, development and operation of ARRAY SKIN THERAPY Clinics. Your right to use the Marks is derived only from this Agreement and limited to your operating the Clinic according to this Agreement and all System Standards we prescribe. Your unauthorized use of the Marks is a breach of this Agreement and infringes on our and our affiliate's rights in the Marks. You acknowledge and agree that your use of the Marks and any goodwill arising from the Marks are exclusively for our and our affiliate's benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Clinic under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional trade and service marks we authorize you to use. You may not at any time during or after this Agreement's Initial Term or any successor terms contest or assist any other person in contesting the validity, or our or our affiliate's ownership, of the Marks. You shall not commit any act of infringement, any act that impairs the value of the Marks or goodwill associated with the Marks, or take any other action to disparage the Marks. We and/or our affiliates have and retain all rights associated with the Marks other than those expressly licensed herein. You shall execute any documents deemed necessary by us and our affiliates or our counsel for the protection of the System and the Marks or to maintain their validity or enforceability, or to aid us and our affiliates in acquiring rights in or in registering any of the System and the Marks or any trademarks, trade names, service marks, slogans, logos and

emblems subsequently adopted by us. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement. We will not indemnify you for any use or misuse of our Marks.

5.2 Limitations on Your Use of Marks. You agree to use the Marks as the Clinic's sole identification, except that you agree to identify yourself or the Entity as its independent operator in the manner we prescribe or as legally required under applicable law (i.e., for tax, licensing, or other purposes). You may not use any Mark, any derivatives of the Marks or similar mark: (1) as part of any corporate or legal business name, except as a fictitious name pursuant to state law; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); (3) in selling any unauthorized services or products; (4) as part of any Online Presence; or (5) in any other manner that we have not expressly authorized in writing. You acknowledge that use of the Marks after termination or expiration of this Agreement constitutes unauthorized use of an identically or virtually indistinguishable Mark. You may not use any Mark in advertising the transfer, sale, or other disposition of the Clinic or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at the Clinic and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law. You agree not to attempt to register or otherwise obtain any interest in the Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Marks.

5.3 Notification of Infringements and Claims. You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, copyright, patent, or of any person's claim of any rights in any Mark, copyright, patent and not to communicate with any person other than us, our and/or our affiliate's attorneys, and your attorneys, regarding any infringement, challenge, or claim. We and/or our affiliate may take the action we or they deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office or U.S. Copyright Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our and/or our affiliate's attorneys, are necessary or advisable to protect and maintain our interests in any litigation or other proceeding or otherwise to protect and maintain our interests in the Marks and, as applicable, copyrights, and patents.

5.4 Discontinuance of Use of Marks. If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the Clinic's signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark. Our rights in this Section 5.4 apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. We may exercise these rights at any time and for any reason that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions. The use of substitute marks shall be governed by the terms of this Agreement. You must comply with our directions regarding any discontinued or modify marks within thirty (30) days' notice from us, or if such modification or discontinuance is court-ordered, immediately.

5.5 Copyrights and Patents. You acknowledge that as between you and us, any and all present or future copyrights and patents relating to the System or the ARRAY SKIN THERAPY concept, including, but not limited to, designs, the Manual, plans and specifications, and marketing

materials belong solely and exclusively to us, whether or not developed by you or us. You have no interest in our copyrights or patents beyond the nonexclusive Franchise granted in this Agreement. We will not indemnify you for any use or misuse of our copyrights, patents, or indicia. If we require, you must immediately modify or discontinue using any copyrighted materials or patents. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification. We or our affiliate has the right to control all litigation related to the copyrighted materials or patents used in connection with the Clinic. We claim a copyright in our Manual, other training materials, and in the advertising, marketing, and promotional materials used in connection with the Clinic. You shall execute any documents deemed necessary by us and our affiliates or our counsel for the protection of any of any copyrights or patents we or our affiliates own, or to maintain their validity or enforceability, or to aid us and our affiliates in acquiring rights in or in registering any of copyrights or patents we and our affiliates own. If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute copyrights or patents, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of ceasing to use copyrights or patents or implementing use of additional or substitute copyrights or patents.

5.6 Designation as Franchisee. You shall take such additional action as may be necessary under the laws of the state in which the Clinic is operated to make clear to the public that you are an independent franchisee of us and not owned by us. You shall post on invoices, purchase orders, marketing materials and the like for all Clinic concepts that "This ARRAY SKIN THERAPY franchise is independently owned and operated by [your entity name] under license from THE ARRAY GROUP, LLC." You shall hold yourself out to the public as an independent contractor, including displaying required signage and identifying yourself as a franchisee on public records, checks, stationery, contracts, receipts, marketing, letterhead, business cards, employment applications, employment documents, invoices and other communications.

5.7 Changes in Laws Affecting Marks. In the event that the trademark law is amended so as to render inapplicable any of the provisions of this Agreement, you shall sign any documents and do such other act as in our opinion may be necessary to effect the intent and purpose of the provisions of this Agreement.

6. CONFIDENTIAL INFORMATION

6.1 Obligations. You understand and agree that we have disclosed or will hereafter disclose to you certain Confidential Information. Except as necessary in connection with the operation of the Clinic and as approved by us, you shall not, during the Initial Term or at any time after the expiration, non-renewal, transfer, or termination of this Agreement, regardless of the cause thereof, directly or indirectly, use for your own benefit or communicate or divulge to, or use for the benefit of any other person or entity Confidential Information. You shall disclose to your employees only such Confidential Information as is necessary to operate its business hereunder and then only while this Agreement is in effect. You will require all personnel having access to any Confidential Information to execute an agreement requiring them to maintain the confidentiality of information they receive in connection with their employment at the Clinic. Those confidentiality agreements will be in a form satisfactory to us. "Confidential Information" means the information, not generally known to the public, in any form, relating to the Clinic and its operations, including all trade secrets of the Clinic; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Clinic not generally known to the public; all records pertaining to clients, suppliers, and other service providers of, and/or related in any way to, the Clinic (such as all names, addresses, phone numbers, e-mail addresses for clients and suppliers; client purchase

records and mail lists); electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that we or our affiliates designates as confidential, including all information contained in the Manuals.

6.2 Client Data. You shall maintain a current list of the names, service history, purchase history, home addresses, work addresses, e-mail addresses, and telephone numbers of, or other information identifying, the clients and past clients who have provided such information to the Clinic; provided, however, that the protected health information of a client shall not be included (the "Client List"). You shall provide the Client List to us upon request. Subject to applicable laws, the Client List shall be our property and we shall have the right to use the Client List for any purposes, in our sole discretion. You shall not disclose such information to any person or entity other than us, or sell such list(s) or any portions thereof to any person or entity without the express written consent of us. Likewise, other data collected by us or your Technology (Client List and the other data collectively referred to herein as "Clinic Data") is deemed to be owned by us and you agree to furnish the Clinic Data to us at any time that we request it; however, that the protected health information of a client shall not be included. We hereby grant you a limited license to use Clinic Data while this Agreement or a successor franchise agreement is in effect, but only in accordance with the policies that you establish periodically and applicable law. Upon termination, non-renewal, transfer, or expiration of this Agreement for any reason, we shall be the exclusive owner of Clinic Data and you shall not use or disclose the Clinic Data in any form or manner. You shall not be due any compensation based upon our use of the Clinic Data. You may not sell, transfer, delete, or use Clinic Data for any purpose other than marketing ARRAY SKIN THERAPY products and services and all uses must comply with applicable law. If for any reason you gain an interest in the Client List or Clinic Data, you shall assign them to us upon expiration, termination, or non-renewal of this agreement. To the extent that confidential or protected data under applicable Medical Regulations cannot be transmitted or shared with us, this Agreement shall be interpreted so as to comply with those limitations.

6.3 Ownership of Invention and Ideas. All concepts, designs, inventions, ideas, applications, trademarks, service marks, enhancements, modifications, improvements or other processes, methods and designs, technologies, techniques, materials, computer software, electronic code, original works or authorship, formulas, patents, copyrights, marketing and business plans and ideas, and all improvements and enhancements thereto that you or any of your owners, guarantors, directors, officers, or employees may develop, invent, discover, conceive or originate, alone or in conjunction with any other person or persons during the Initial Term that relate in any way, either directly or indirectly, to the Clinic and/or the System (collectively referred to as "Inventions and Ideas"), either in whole or in part during the Term, shall be our exclusive property. You must promptly disclose the existence of any and all Inventions and Ideas to us. To the extent any Invention or Idea does not qualify as a "work made-for-hire" for us, you or any of your owners, guarantors, directors, officers, or employees hereby assign to us, without compensation, all right, title and interest in such Inventions and Ideas, and agree that they will execute any and all instruments and do any and all acts necessary or desirable to establish and perfect in us the entire right, title and interest in such Inventions and Ideas. We may incorporate such Inventions or Ideas into the System.

7. EXCLUSIVE RELATIONSHIP

7.1 In-Term Covenant Against Unfair Competition. You acknowledge that we have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You also acknowledge that you will receive valuable, specialized training and Confidential

Information regarding the operations of a medical dermatology clinic concept that we have developed through our monetary and other resource expenditures that provide competitive advantages to our System. You therefore agree that, during this Agreement's Initial Term, you, any of your owners, and any of your owners' spouses for yourself (or themselves), or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, limited liability company, or other entity, will not, unless expressly authorized in writing by us:

(a) own, manage, operate, engage in, advise, make loans to, or have any other interest in as partner, owner, officer, executive, managerial employee, director, sales person, or consultant for a Competitive Business (defined below), wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph); or

(b) become a franchisee or licensee of any Competitive Business; or

(c) offer or grant franchises or license for any Competitive Business; or

(d) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

7.2 In-Term Covenant of Non-Solicitation. You also acknowledge that you will receive valuable client and vendor information that is considered Confidential Information. You therefore agree that, during this Agreement's Initial Term, you, any of your owners, and any of your owners' spouses for yourself (or themselves), or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, limited liability company, or other entity, will not, unless expressly authorized in writing by us:

(a) solicit, divert or attempt to solicit or divert any person or party who is or was a client of the Clinic at any time during the term of this Agreement, to any Competitive Business; or

(b) solicit, divert, or attempt to solicit or divert, any vendor that has done business with the Clinic to provide supplies, products, equipment, merchandise, or services to a Competitive Business.

7.3 Definition of Competitive Business. The term "Competitive Business" means, other than an ARRAY SKIN THERAPY Clinic operated under a Franchise Agreement with us, (i) any clinic, practice, or business that offers or provides (1) medical phototherapy services, (2) medical dermatology services, (3) management services for a medical phototherapy clinic or medical dermatology clinic, or (4) any other product or service or management services that are similar to the services and products authorized to be offered, sold or provided under the Marks and the System; or (ii) any business granting franchises or licenses to others to operate the type of business specified in subparagraph (i).

7.4 Similar Covenants. You agree to obtain similar covenants from the personnel and persons we specify, including owner, directors, managers, officers and other employees attending our training program or having access to Confidential Information and owners' spouses. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

8. SYSTEM STANDARDS

8.1 Condition and Appearance of the Clinic. You agree that:

(a) You will maintain the condition and appearance of the Clinic and its Business Assets and the Premises and facilities in accordance with System Standards and consistent with the image of an ARRAY SKIN THERAPY Clinic as an efficiently operated business offering high quality and professional services and products and observing high standards of patient service and care, and providing efficient, courteous service, and in that connection will take, without limitation, the following actions during the Initial Term of this Agreement: (a) repainting, repair, and refurbishing of the Premises at intervals we prescribe; (b) repair or replacement of damaged, worn out or obsolete Business Assets; and (c) place or display at the Premises only those signs, photographs, artwork, logos, and display and advertising materials that we from time to time approve;

(b) If at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Premises or its Business Assets, do not meet our standards, we have the right to notify you, specifying the action you must take to correct the deficiency. You will have ninety (90) days to comply and make these corrections.

(c) On notice from us, you agree to remodel, expand, redecorate, reequip and/or refurbish the Premises and the Clinic to reflect changes in the operations of ARRAY SKIN THERAPY Clinics which we prescribe and require of new franchisees. There is no limitation on the amount you may be required to remodel, expand, redecorate, reequip and/or refurbish the Premises and the Clinic.

(d) In the event you delay, refuse, or fail to make repairs or modifications to the Premises, we or our agents may enter the Premises, without further notice and without liability for trespass or other tort and with your complete cooperation, and remove, repair, and/or replace, at your expense, any items which do not conform to our then-current standards and specifications or which are not in conformity with your obligation to maintain the Clinic and the Premises in the highest degree of repair and condition. In addition to any and all other remedies that we may have in law or in equity, you shall reimburse us for all out-of-pocket expenses we incur in connection with any refurbishing work performed by us pursuant to this section, plus an administrative fee of Fifteen Percent (15%) of the total aggregate amount of expenses we incur.

8.2 Clinic Services, Specifications, Standards and Procedures

You agree that: (1) the Clinic will provide, in compliance with all applicable laws, all of the medical, phototherapy, nursing, and patient care services, that we specify from time to time; (2) the Clinic will offer and sell approved services and products only in the manner we have prescribed and in compliance with applicable laws; (3) you will not offer for sale or sell at or from the Clinic, any services or products we have not approved; (4) you will sell all product and services we designate as mandatory, to the extent allowed under applicable laws; and (4) we have the right to revoke our approval of services or products to be offered or sold at or from the Clinic, and you will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove including by revoking an earlier approval in writing.

8.3 Approved Products, Distributors and Suppliers

(a) We have developed or may develop standards and specifications for types, models and brands of required Business Assets, and other products. We reserve the right from time to time to approve specifications or suppliers and distributors of the products that meet our reasonable standards and requirements. If we do so, you agree to purchase only such products meeting those specifications, and if we require it, only from distributors and other suppliers we have approved.

(b) We may designate a single distributor or supplier (collectively, "supplier") for any product, service, equipment, supply or material and may approve a supplier or distributor only as to certain products.

(c) Approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor from time to time.

(d) Subject to the professional judgment of the Clinical Staff in providing medical services and in using medical equipment, all products and services you make available at the Clinic, and all equipment, fixtures, furniture, exterior and interior signs and decorations, uniforms, forms and supplies and materials used in the operation of the Clinic, must be approved and conform to the specifications and quality standards established by us from time to time.

(e) If you propose to offer, conduct, or utilize any services, products, Business Assets, materials, forms, items, or supplies in connection with or for sale through your Clinic that are not approved by us, you shall first notify us in writing requesting approval. We may withhold such approval for any reason at our sole discretion; however, in order to make such determination, we may require submission of specifications, information, or samples of such services, products, Business Assets, materials, forms, items, or supplies. We will advise you within ninety (90) days of our receipt of all information we require in order to make a decision whether your request meets our specifications; provided, however, that if we have not provided you with written acceptance within such ninety (90) day period, the request will be deemed rejected. A charge not to exceed the actual cost of the review may be made by us and shall be paid by you.

(f) If, at any time (including after our initial approval), we determine that you fail to meet our specifications and standards in connection with the provision of any products or services, we may permanently or temporarily terminate your right to offer such products or services; provided that nothing contained herein shall be deemed a waiver of our right to terminate this Agreement pursuant to Section 14 hereof. You must cease to use any product, service, or supplier upon thirty (30) days' notice from us if that product, service, or supplier no longer meets our criteria.

(g) At the time the Clinic opens for business, you will stock the initial inventory of supplies, equipment and materials prescribed by us. Thereafter, you will stock and maintain all types of supplies, equipment and materials which we prescribe or are required, in quantities sufficient to meet reasonably anticipated patient demand. The selection and use of any equipment and products used in connection with medical phototherapy, nursing, or medical services provided by the PC will be subject to the PC's approval based on the professional opinion of the Clinical Staff.

(h) Notwithstanding anything to the contrary contained in this Agreement, you acknowledge and agree that, at our sole option, we may establish one or more preferred vendor programs with one or more nationally or regionally known suppliers who are willing to supply all or some ARRAY SKIN THERAPY clinics with some or all of the products and/or services that we require for use and/or sale in the development and/or management of ARRAY SKIN THERAPY clinics. In this event, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use for some or all products and other products and services, and/or refuse any of your requests if we believe that this action is in the best interests of the System or the network of ARRAY SKIN THERAPY clinics. We will have the unlimited right to approve or disapprove of the suppliers who may be permitted to sell products to you.

(i) We reserve the right to create purchase and/or distribution cooperatives.

(j) We or our affiliates may receive payments or other compensation from suppliers on account of the suppliers' dealings with us, our affiliates, you, or other franchisees. We, our affiliates, and our owners reserve all rights to receive rebates or other benefits from your use, lease, or purchase of products or services or use of suppliers. If we or our affiliate receives payments or other compensation from a supplier, we have no obligation to pass these amounts on to you or to use them for your benefit.

(k) You shall have the right during the Initial Term to set prices provided that, subject to applicable laws, such pricing: (1) complies with any minimum or maximum prices set by us; and (2) complies with any prices specified by us; (3) conforms to any bona fide promotional programs periodically established by us. For the avoidance of doubt, we will not set the prices for the medical services provided by the PC and Clinical Staff. We retain the right to modify its pricing policies from time to time in its sole discretion. You must provide to us a price list containing all of the prices charged for the products and services supplied by the Clinic. The price list must be sent to us upon our request and, in any event, at least annually. We specifically reserve the right, in our sole discretion and as it may deem in the best interests of you or other franchisees, to vary pricing standards and policies for the Clinic or any other Clinic based upon peculiarities of particular location or circumstances, including, but not limited to, density of population and other demographic factors, size of a franchisee's territory, business practices or customs, cost of a franchisee's rent or mortgage payments, or any other condition which we deem to be of importance to the operation of such Clinic or the network of Clinics. You acknowledge that because of these factors and others, there may be variations from standard pricing policies and practices throughout the network of Clinics and that you shall not be entitled to require us to grant like or similar variations or privileges to you.

8.4 Compliance with Laws, Licensing Regulations, and Good Business Practices. You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Clinic and the other licenses applicable to the operation of medical phototherapy Clinics, and must operate the Clinic in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all applicable labor and employment laws and regulations, all data privacy laws, Medical Regulations, the Federal Food, Drug, and Cosmetic Act, HIPAA and the HITECH Act, government regulations relating to occupational hazards, health, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. You and the PC must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files. You and the PC must comply with all state and local laws and regulations regarding the staffing and management of a medical phototherapy clinic. All advertising and promotion by you must be completely factual and must conform to the highest

standards of ethical advertising. The Clinic must in all dealings with its patients, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks and other ARRAY SKIN THERAPY Clinics. You must notify us in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of the Clinic and of any notice of violation of any law, ordinance, or regulation relating to the Clinic. You shall at all times operate the Clinic in a financially sound, product, and business-like manner and, without limiting the generality of the foregoing, pay all your bills and accounts promptly and take no action, or omit to take any action, which would tend to disrupt, damage, or jeopardize your relationship with suppliers, clients, or patients, our reputation or the reputation of our other franchisees.

8.5 Management of the Clinic. You or your Operating Owner will be charged with responsibility for the management and ultimate supervision of the Clinic. With our prior written permission, the day-to-day operations of the Clinic may be supervised by staff and employees other than the Operating Owner. You must keep us informed at all times of the identity of any supervisory employee(s) acting as additional managers of the Clinic. We reserve the right to require these employees to successfully complete our training. You acknowledge that ultimately you are responsible for the day-to-day operation of the Clinic, including hiring, wages, schedule, hours of work, workplace health and safety, assignment, rules regarding the manner, means, or methods of work performance; setting the conditions of employment, supervision, discipline and termination of all personnel, purchases and maintenance of equipment and supplies, preparing your own marketing plans and funding and implementing those marketing plans, maintenance of employment records, and daily maintenance, safety, security and the achievement of compliance with the Manual. Our ability to approve certain matters, to inspect the Clinic and its operations and to enforce our rights, exists only to the extent necessary to protect our interest in the System and the Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to you. You shall at all times operate the Clinic in a financially sound, prudent and business-like manner and, without limiting the generality of the foregoing, pay all your bills and accounts promptly when due and shall take no action, or omit to take any action, the result of which would be to tend to disrupt, damage or jeopardize your relationship with suppliers or clients, our good reputation, or the good reputation of our other franchisees. You will not engage in any trade practice or other activity which is harmful to the goodwill or reflects unfavorably on the reputation of you, us, the Clinic, the Marks, the services and/or products sold at the Clinic, or constitutes deceptive or unfair competition or otherwise is in violation of any applicable laws.

8.6 Insurance. During the Initial Term of this Agreement, you must maintain in force at your sole expense general liability insurance, professional liability insurance, property damage insurance, and workers compensation insurance, and other insurance as we may specify in the Manual, all containing the minimum liability coverage we prescribe from time to time. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must name us and any affiliate(s) we designate as additional insureds and provide for thirty (30) days' prior written notice to us of a policy's material modification, cancellation or expiration. You must furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums no less than annually. If you fail or refuse to obtain and

maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and the Clinic on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance. We encourage you to seek advice from an independent risk management provider who may specify higher limits. All insurance policies must be underwritten by companies having an A.M. Best rating of A or higher. All policies of insurance required to be maintained hereunder shall: (i) be written as primary policy coverage and not "excess over" or contributory with any other applicable insurance, including our insurance; (ii) shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer(s)' liability; (iii) shall not contain any special limitations on the scope of coverage afforded to us; (iv) shall provide that any failure by you or any of your employees, agents, subcontractors, or suppliers, to comply with any notice, reporting, or other similar provisions of such policies shall not affect the coverage provided to us. Additionally, your insurance policy must waive on behalf of your insurer any right of subrogation by the insurance company against us and our officers, owners, and employees. You understand that doing so does not necessarily furnish you with protection levels adequate to your needs and that your obligation to indemnify us as set forth elsewhere in this Agreement may exceed the amount of insurance you are required to obtain or do obtain. Your insurer must be required to defend both you and us and any other additional insured in any action while reserving our right to involve counsel of our own choosing in protection of our own and system side interests. We and our insurer shall have the right to participate in discussions with your insurance company or any claimant regarding with any claim of liability, and you agree to adopt our reasonable recommendations regarding the settlement of any such claims.

8.7 Compliance with System Standards.

(a) You acknowledge and agree that, unless otherwise required or prohibited by applicable law, operating and maintaining the Clinic according to System Standards are essential to preserve the goodwill of the Marks and all ARRAY SKIN THERAPY Clinics. Therefore, you agree at all times to operate and maintain the Clinic according to all of our System Standards, as we periodically modify and supplement them. Although we retain the right to establish and periodically modify System Standards that you have agreed to maintain, the right and responsibility for the day-to-day management and operation of the Clinic and implementing and maintaining System Standards at the Clinic is solely yours. If you fail to implement, maintain, and/or comply with System Standards, we may terminate your right to operate the Clinic, and/or take other actions to enforce the System Standards.

(b) However, System Standards will not control the PC's practice of medicine, nursing, dermatology, or medical phototherapy as the PC shall be solely responsible for and have full authority and control over the practice of medicine and practice of nursing, the Clinical Staff, and the provision of medical, nursing, phototherapy, and patient care by or at the Clinic. You agree that the System Standards we prescribe in the Manual, or otherwise communicate to you in writing or another tangible form (for example, via digital systems), are part of this Agreement as if fully set forth herein. All references to this Agreement include all System Standards as modified from time to time.

(c) We may, in our sole discretion, institute various programs for verifying client and patient satisfaction and/or your compliance with all operational and other aspects of the System, including, without limitation, marketing research surveys, a toll-free number, client comment cards, secret patients, or otherwise. We will share with you the results of such programs as they pertain to your business and you agree to reimburse us for all costs associated with any and all such programs

and to pay us a fee for these programs, which amounts may be drafted by EFT at the sole discretion of us or we may require you to pay the third-party vendors directly.

8.8 Modification of System Standards. We periodically may modify System Standards, and these modifications may obligate you to invest additional capital in the Clinic and/or incur higher operating costs. You agree to implement any changes in System Standards within the time period we request, whether they involve refurbishing or remodeling the Premises or any other aspect of the Clinic, buying new Business Assets, adding new services, or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date. If any System Standards change results in the need for Clinical Staff to provide any goods or services at the Clinic, you will be obligated to comply with all applicable laws. Compliance may require you to identify a PC and enter into a Management Services Agreement in order to accommodate the changed System Standards. You agree there is no limit to our ability to modify the System and the System Standards. You may be required to pay additional or increased fees to us, our affiliates, or third-party vendors, as a result of these System or System Standard changes.

8.9 Quality Assurance. We may, in our sole discretion, institute various programs for verifying patient satisfaction and/or your compliance with all operational and other aspects of the System and System Standards, including, without limitation, marketing research surveys, a toll-free number, client comment cards, secret patients, or otherwise. We will share with you the results of such programs as they pertain to your business and you agree to reimburse us for all costs associated with any and all such programs, which cost may be drafted by EFT at our sole discretion.

8.10 Promotional Requirements. Other than setting the prices for the medical services provided by the PC and Clinical Staff, we have the right to require you to participate in national, regional, and local giveaways and promotions. You may be required to provide free or discounted products or services as a result of such giveaways or promotions. We are not required to reimburse you for your costs and expenses incurred as a result of these giveaways and promotions.

8.11 Crisis. You shall notify us immediately upon the occurrence of any situation that may have a material impact on you, us, the Clinic, or which would have a deleterious effect on the ARRAY SKIN THERAPY brand, Marks or System. You shall follow all of our policies, procedures, and instructions in every such situation, including, without limitation, managing public relations and communications, as directed by us or as specified in the Manual, whether or not you have retained outside counsel or a public relations firm to assist with such matters. A Crisis includes, but is not limited to, any event that occurs at, with, or about the Premises that has or may cause harm or injury to patients, Clinical Staff, or employees. Examples include, but are not limited to, car accidents, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the System, Marks, or image or reputation of the Clinic, the System or us. You will cooperate fully with us with respect to our response to the Crisis. In the event of the occurrence of a Crisis, we may establish emergency procedures which may require us to temporarily cease to operate the Clinic to provide services to patients, in which event we shall not be liable to you for any loss or costs, including consequential damages or lost profits occasioned thereby.

8.12 Fines. For each instance where you fail to obtain prior written approval for advertisements, fail to attend required training or sponsored conventions, offers unauthorized products or services or otherwise fails to comply with our operating standards set forth in the Manual or this Agreement, we shall, at our option, have the right to levy a fine in an amount up to One Thousand Dollars (\$1,000) per occurrence. The imposition of a fine pursuant to this subsection shall

not act as a waiver of any of our other remedies under this Agreement. Furthermore, we have the right to collect any such fines by means of EFT.

8.13 Data

(a) You shall comply with, or, as applicable, adopt policies consistent with the then-current version of our data protection and security policies as may be described in the Manual ("Data Protection and Security Policies"). Such policies may govern how Franchisee Data and Personal Information (as defined below) contained in such data shall be accessed, shared, stored, protected, disposed of, or destroyed. We have the right, but not the obligation to create such Data Protection and Security Policies. You acknowledge that we may supplement, modify or amend the Data Protection and Security Policies from time to time in our sole discretion, and that you shall comply with such modifications or amendments within thirty (30) days of notice from us. We may require you to institute a data privacy policy for your Clinic. You shall not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy.

(b) You warrant and represent and covenant that you shall comply with (i) applicable prevailing industry standards concerning privacy, data protection, confidentiality and information security, including, without limitation, the then-current Payment Card Industry Data Security Standard of the PCI Security Standards Council ("PCI-DSS"), (ii) those Security and Data Protection Policies mandated by the Manuals, if any, (iii) HIPAA, and (iv) all applicable international, federal, state, and local laws, rules, and regulations, as the same may be amended or supplemented from time to time, pertaining in any way to the privacy, confidentiality, security, management, disclosure, reporting, and any other obligations related to the possession or use of Personal Information (collectively, "Privacy Laws").

(c) You warrant and represent not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, text or other electronic media without first obtaining our written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003"), and to use of automatic dialing systems, SMS text messages, and artificial or prerecorded voice messages, including but not limited to the Telephone Consumer Protection Act of 1991 ("TCPA"). You must comply with the Fair and Accurate Credit Transactions Act (FACTA) and all other consumer protection laws and regulations.

(d) You shall cooperate with us in any audit that we may conduct from time to time of our data storage and management systems and your storage of Personal Information. In addition, if you become aware of any actual or suspected unauthorized access, processing, loss, use, disclosure, alteration, destruction or other compromise or acquisition of or access to any information, whether such information is stored in paper or electronic form, (i) that can be used to identify, locate or contact an individual, including but not limited to your employees, patients and clients (collectively, "Personal Information"); (ii) that is subject to any of the Privacy Laws and/or PCI-DSS; or (iii) that might reasonably expose us to any harm or prejudice of any type or actual or suspected intrusion by an unauthorized third party into your or our computers, networks, servers, IT resources, or paper files (a "Security Breach"), you shall immediately notify our officer via telephone of such matter and shall thereafter cooperate with us to investigate and remedy such matter. Except to the extent required by applicable law, no public disclosure of any instance of such unauthorized access or breach shall be made by you unless we have authorized the provision of notice and the form of such

notice in writing. You shall reimburse us for all reasonable Notification and Remediation Related Costs (hereinafter defined) incurred by us arising out of or in connection with any such Security Breach that is directly or indirectly caused by you or you personnel. "Notification and Remediation Related Costs" shall include our internal and external costs associated with addressing and responding to the Security Breach, including but not limited to: (i) preparation and mailing or other transmission of legally required notifications to affected individuals, regulators and attorneys general; (ii) preparation and mailing or other transmission of such other communications to clients, patients, agents or others as we deem reasonably appropriate; (iii) establishment of a call center or other communications procedures in response to such Security Breach (e.g., client service FAQs, talking points and training); (iv) engagement of information technology consultants, public relations and other similar crisis management services; (v) payment of legal and accounting fees and expenses associated with our investigation of and response to the Security Breach; and (vi) payment of costs for commercially reasonable credit reporting services that are associated with legally required notifications or are advisable under the circumstances. Th Franchisee Indemnifying Parties to hold harmless, defend and indemnify the Franchisor Indemnified Parties from and against any and all losses, expenses, judgments, claims, attorney fees and damages arising out of or in connection with any claim or cause of action in which we shall be a named defendant and which arises, directly or indirectly, out of the operation of, or in connection with a Security Breach or your or your officers, directors, agents or employees' violation of any Privacy Law or regulation, consumer protection-related law or regulation, e-mail marketing and other marketing laws and regulations, and the PCI-DSS.

(e) We through our employees and/or any agents designated by us from time to time, may at any time during business hours, and without prior notice to you enter upon and inspect the Premises and examine your Technology, databases, business records and other supporting records and documents in order to verify compliance with its Data Protection and Security Policies, and Privacy Laws. Any such inspection shall be made at our expense, provided that if such inspection is necessitated by your repeated or continuing failure to comply with the Data Protection and Security Policies, Privacy Laws, or this Agreement, we may charge you for the costs of making such inspection, including without limitation, travel expenses, room and board, and compensation of our employees and/or agents.

(f) You shall fully comply with Data Protection and Security Policies as they relate to requests regarding individuals' personal information, as it may be defined under international, federal, state, and local law. If requested by us, you must cooperate or coordinate with us to identify personal information you have accessed, collected, retained, or used in any way.

(g) Subject to applicable law, you shall not use, disclose, retain, transfer, share, or sell Personal Information, or personal information as it may be defined under international, federal, state, and local law, unless such action is permitted by (i) the terms of this Agreement, (ii) the terms of the Data Protection and Security Policies, (iii) the standards in the Manual, and/or (iv) written approval of us.

(h) You agree to use such credit card processing services approved by us and to purchase and maintain, at your expense, any equipment necessary to permit such credit card processing functionality. Notwithstanding the credit card processing requirement, we do not represent, nor does we certify or warrant, to you or your patients and clients that the credit card processing service approved by us is compliant, whether or not certified as such, with the PCI Data Security Standards.

8.14 Patient Complaint. If you receive a patient or client complaint, you agree to follow the complaint resolution process that we specify in the Manual to protect the goodwill associated with the Marks and the System.

8.15 Days of Operation. Although the PC will have the right to determine the number of hours the Clinical Staff work, how many patients they treat, and how many procedures they provide, you agree that the Clinic must be open a minimum of thirty two (32) hours per week.

8.16 Advisory Council. We reserve the right to create a franchisee advisory council ("Advisory Council") comprised of ARRAY SKIN THERAPY franchisees or representatives of franchisees for the purpose of fostering communications among franchisees and with us. If we create an Advisory Council, you must participate and contribute such dues that may be required, if any, of, or assessed to, franchisees to support the Advisory Council by the members of the Advisory Council. We reserve the right to establish the legal, administrative, and organizational framework for the Advisory Council. The Advisory Council will serve in an advisory capacity only and will have no operational or decision-making power.

8.17 No Warranties. We, our owners, and our affiliates make no warranty with respect to any products, services, equipment, supplies or other items we or they approve, designate, or supply, and we, our owners, and our affiliates expressly disclaim all warranties, express and implied, including implied warranties of merchantability and fitness for a particular purpose, with respect to any such products, equipment, supplies, or other approved, designated, or supplied products or services.

8.18. Anti-Terrorism Laws. You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws. In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 14.1

9. MARKETING

9.1 Generally. You acknowledge and recognize the value of the ARRAY SKIN THERAPY Marks, the need to develop, enhance, and promote the ARRAY SKIN THERAPY Marks, and the need to advertise and market the ARRAY SKIN THERAPY name. You also acknowledge and recognize the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the ARRAY SKIN THERAPY name. Therefore, you agree to: (i) make local advertising and marketing expenditures pursuant to Section 9.2; (ii) make contributions to the Brand Fund pursuant to Section 9.3; and (iii) if created, join and make contributions to a Cooperative pursuant to Section 9.4. Nothing in this Agreement shall be deemed or construed to require us to, and we are not responsible for, marketing, advertising or expanding the business of your Clinic.

9.2 Marketing by You

(a) You must spend at least One Thousand Dollars (\$1,000) per month on local marketing for your Clinic. We reserve the right to increase the spend by up to Ten Percent (10%) per year of the Term, up to a maximum of One Thousand Five Hundred Dollars (\$1,500) per month. You must send us, in the manner we prescribe, an accounting of your expenditures for local marketing at such times, and for such reporting periods, as we may specify from time to time. Failure to expend the required minimum amount constitutes a default of this Agreement.

(b) You have the right to conduct in your separate expense supplemental marketing and advertising in addition to the expenditures specified above. All such marketing and advertising shall be prepared by or approved by us. Your local marketing must follow our guidelines, which may include, among other things, requirements for, or restrictions regarding, the use of the Marks and notices of our Online Presences in the manner we designate.

(c) You may not develop, maintain, or authorize, without our prior written approval, any Online Presence that mentions or describes you or the Clinic or displays any of the Marks. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time. You may use direct advertising only directed to clients and patients located within your Territory. When required by applicable law, the advertising that you conduct to promote your Clinic must also identify the name of the PC that furnishes the Clinical Staff that render professional services at your Clinic.

9.3 Brand Fund.

(a) Each month during the Term for which a brand fund ("Brand Fund") has been established, you shall contribute to the Brand Fund the amounts set forth on Attachment 1. We have the sole discretion to settle or forgive any accrued and unpaid Brand Fund contributions owed by any franchisee. You shall make your monthly contribution to the Brand Fund on the date and in the manner as we may designate from time to time, including bank drafting. The Brand Fund contributions shall not commence until the Clinic has opened for operations. The first Brand Fund contribution shall be due the first month that you commence operations of the Clinic.

(b) We have the sole discretion to determine where the Brand Fund contributions will be spent to promote, enhance, or further the growth of the ARRAY SKIN THERAPY brand, businesses, and System, including, but not limited to: research; promotional marketing, public relations, and advertising expenses to promote the brand; hiring marketing, public relations and advertising agencies, technology companies, or paying the salaries of in-house personnel to assist in developing the ARRAY SKIN THERAPY brand name; developing, evaluating, or using technologies that we believe may benefit the brand, the clients, the patients, the franchisees, or the brand's reputation; developing new goods and services and franchisee revenue sources; expenses associated with listings on websites, contest registrations, digital marketing content, influencer marketing, radio, billboards, TV, print, or internet advertising, and events and promotions designed to garner media attention and promote the brand name; expenses associated with conducting market research; travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials; production of marketing, public relations, or digital or social media content, including, but not limited to, advertisements, coupons, and other promotional materials; expenses incurred in developing and maintaining non-franchise sales portion of any Online Presence; and expenses incurred in using search engine optimization, pay-per-click, or other digital marketing software, services, or companies to help promote the brand. While we do not anticipate that any part

of Brand Fund contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Fund for public relations or recognition of the ARRAY SKIN THERAPY brand, for the creation and maintenance of a website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating "Franchises Available" or similar language.

(c) The Brand Fund is not and shall not be an asset of us or our designee. The Brand Fund is administered by our accounting and marketing personnel under our direction. The Brand Fund is not audited. We have no obligation to provide you with an accounting. At our option, we can create a separate entity to be the recipient of Brand Fund contributions and you agree, upon our request, to tender Brand Fund payments to said entity. We, in our sole discretion, may spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Fund in that year, and the Brand Fund may borrow from us or other lenders to cover deficits of the Brand Fund or cause the Brand Fund to invest any surplus. You acknowledge that other franchisees may not be required to contribute to the Brand Fund or may be required to contribute at a different rate. We are not obligated to maintain the Brand Fund contributions or income earned in a separate account from our other funds. We may terminate the Brand Fund at any time. We will not terminate the Brand Fund, however, until all money in the Brand Fund has been spent for brand development purposes or returned to the contributors of the Brand Fund on the basis of their respective contributions. Brand Fund contributions that we, our affiliates, or third parties elect to contribute to the Brand Fund shall be subject to the same terms of the Brand Fund as set forth in this Agreement.

(d) You agree and acknowledge that we do not undertake any obligation to ensure that expenditures from the Brand Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Brand Fund by franchisees operating in such geographic area or that you or the Clinic will benefit directly or in proportion to its contribution to the Brand Fund.

(e) Neither we nor our affiliates nor any of the respective officers, directors, agents or employees, shall be liable to you with respect to the maintenance, direction or administration of the Brand Fund, including without limitation, with respect to contributions, expenditures, investments or borrowing, except for acts constituting willful misconduct. THE BRAND FUND IS NOT A TRUST FUND. WE SHALL HAVE NO FIDUCIARY DUTY TO YOU IN CONNECTION WITH THE COLLECTION OR USE OF THE BRAND FUND MONIES OR ANY ASPECT OF THE OPERATION OF THE BRAND FUND. YOU ACKNOWLEDGE AND AGREE THAT WE WILL HAVE NO LIABILITY TO YOU FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED TO THE BRAND FUND OR ANY ADVERTISING PROGRAMS OR OUR MODIFICATION OR DISCONTINUANCE FOR ANY REASON OF THE BRAND FUND OR ANY MARKETING, BRANDING, OR ADVERTISING PROGRAMS, OR YOUR PARTICIPATION THEREIN.

9.4 Cooperatives.

(a) We have the right at any time, and from time to time, to create Co-op Advertising Regions ("Cooperatives"). If and when we create a Cooperative for the geographic region in which your Clinic is located, you will become a member and participate in the Cooperative. Each Cooperative will be organized (including, but no limited to Bylaws and other organizational documents) and governed in a form and manner that we set forth in writing in advance. At all meetings of the Cooperative, each participating franchisee and affiliate-owned unit shall be entitled to one (1) vote for each ARRAY SKIN THERAPY Clinic located within the geographic boundaries of the Cooperative. At any time, upon reasonable notice, Twenty Percent (20%) of the eligible member votes, or a majority of the directors of the Cooperative, may call a meeting of all members of a

Cooperative. Except as provided in Section (b) below, all matters concerning operation of a Cooperative shall be decided by majority vote, provided that a quorum is present, and such vote will bind all members of the Cooperative. A quorum shall consist of at least Fifty Percent (50%) of the total number of members entitled to cast votes in the Cooperative.

(b) Each Cooperative will be organized and governed in a form and manner, and will commence operations on a date, approved in advance by us, in writing, as follows. Each Cooperative will be organized for the exclusive purposes of administering regional advertising programs and developing, subject to our approval, standardized promotional materials for use by the members in local advertising. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without our prior approval.

(c) Each member can be required to contribute to the Cooperative, an amount as determined by a majority of the Cooperative's members eligible to vote. In the event of the approval of Cooperative advertising contributions, each franchisee, including you, shall submit its required contribution to the Cooperative, together with such statements as may be required by the Cooperative. There is no minimum or maximum fee that can be imposed by the Cooperative. Up to Fifty Percent (50%) of your required local marketing expenditures may be required to be contributed to the Cooperative. All franchisees and affiliate-owned units will contribute at the same rate if they are members of the Cooperative.

(d) Your payment of any Cooperative obligation, in accordance with Section (c), will be credited against your local advertising requirement described in Section 9.2.

(e) Although once established, each Cooperative is intended to be of perpetual duration, we will have the right to terminate any Cooperative. A Cooperative will not be terminated, however, until all monies in that Cooperative have been expended for advertising and/or promotional purposes.

9.5 Approvals. For any advertising you conduct, you must use advertising, marketing, and promotional plans approved or provided by us. Unless provided by us, for all proposed advertising, marketing, and promotional plans, you will submit samples of such plans and materials to us (by means described in Section 18 below), for our review and prior written approval (except with respect to prices to be charged by you). If written approval is not received by you from us within ten (10) days of the date of receipt by us of such samples or materials, we will be deemed to have not approved them. You acknowledge and agree that any and all copyright in and right to advertising and promotional materials developed by you or on your behalf will be our sole property, and you must sign such documents (and, if necessary, require your independent contractors to sign such documents) as may be deemed reasonably necessary by us to give effect to this provision.

9.6 Online Presence and Email Address.

(a) You will not, directly or indirectly, establish or operate an Online Presence that in any way concerns, discusses or alludes to us, the System or the Clinic without our written consent, which we are not obligated to provide. An "Online Presence" includes (1) a website, other webpages, URLs, or domain names, (2) accounts, pages, or profiles on social media sites, social networking sites, news sites and groups, online, internet, or digital directories, video, photography, audio, and messaging services, blogs, or forums, (3) e-commerce sites or accounts, (4) digital or online advertising and marketing content and services, (5) mobile applications, (6) virtual reality platforms, (7) identifiers of an Online Presence, or (8) a presence on any other type of online, internet, or digital tool, good, or

service that may be developed. Similarly, you shall not develop an email address for use with the Clinic without our consent. If approved to establish an Online Presence or email address, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Online Presence or email address. We shall have the right to modify the provisions of this Section 9.6 relating to any Online Presence as we shall solely determine is necessary or appropriate.

(b) The Marks may not be used as part of, in conjunction with, to establish or to operate any Online Presence or email address, unless specifically approved by us, which approval we are not obligated to provide. You will not post, and will take such steps as necessary to ensure you're your employees do not post, any information to an Online Presence relating to us, the System, the Marks, or the Clinic that (a) does not comply with our then-current brand, social media, or Online Presence guidelines described in the Manual, (b) is derogatory, disparaging, or critical of us, the System or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks. You shall not use the Marks or any abbreviation or other name associated with us and/or the System as part of any of your Online Presence or email addresses, except as permitted by our then-current policies.

(c) You shall not establish or permit or aid anyone else to establish any links to any Online Presence which we may create. You specifically acknowledge and agree that any Online Presence will be deemed "advertising" under this Agreement, and will be subject to (among other things) our approval under this Agreement. We alone have the right, but not the obligation, to establish, maintain, modify or discontinue all internet and electronic commerce activities pertaining to the System, including through any Online Presence. We shall not be liable for downtime that may occur to any Online Presence or brand email address, whether such downtime is caused by us or a third-party. We alone will be, and at all times remain, the sole owner of the copyrights to all material which appears on any Online Presence, including any and all material you may furnish to us for use on an Online Presence. Ownership of all URLs and other identifiers with any such Online Presence shall vest exclusively in us. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without our prior written consent as to your plan for transmitting such advertisements.

(d) We shall have the right, but not the obligation, to designate one or more webpage(s) or other form of Online Presence to describe you or the Clinic, with such webpage(s) or Online Presence to be located within our website or another Online Presence. You shall comply with our policies with respect to the creation, maintenance and content of any such web page(s) and any other Online Presence and email addresses; and we shall have the right to refuse to post and/or discontinue posing any content and/or the operation of any webpage or Online Presence. You shall not establish a separate website or Online Presence or business email address, without our prior written approval (which we shall not be obligated to provide).

(e) For any Online Presence (and all URLs and other identifiers related to any Online Presence) or email address you are approved to create or use, we reserve the right, at our sole option and discretion, to have the Online Presence directly owned by us or to require any such Online Presence or email address be transferred to us upon the termination, expiration, or non-renewal of this Agreement for any reason. We have the right to require that any Online Presence or email address you are permitted to create, use, or maintain be registered in our name. Upon request, you must provide us with any login credentials for any Online Presence or email address you are authorized to create, use, or maintain. We have the right to access any Online Presence to take corrective action if any content or post on the Online Presence is in violation of our policies and we

may take ownership of any Online Presence upon expiration, non-renewal, transfer, or termination of this Agreement and operate it in our sole discretion.

9.7 Directory. You shall arrange for the listing of the Clinic's telephone number, address, and email address in print or online directories we designate under the names we designate. All directory listings shall be subject to our approval. We have the right to arrange for such listings at your expense.

9.8 Franchisor Advertising. We may, from time to time, expend our own funds to produce such promotional materials and conduct such advertising as we deem necessary or desirable. In any advertising conducted solely by or for us, we shall have the sole discretion to determine the products and geographical markets to be included, and the medium employed, and we shall not have any duty or obligation to supply you with any advertising or promotional materials produced by or for us at our sole expense. We may, from time to time, offer to provide to you such approved advertising and promotional plans and materials as we deem advisable. We expressly disclaim and you hereby acknowledge that you have not received or relied upon any warranty regarding the success of any advertising and/or promotional plans or materials recommended by us for use by you. Further, you acknowledge and agree that all advertising and promotional plans and materials created in whole or in part by us are and remain our exclusive property.

9.9 Ownership of Advertising. We shall be the sole and exclusive owner of all materials and rights which result from advertising and marketing program produced and conducted, whether by you, us, the Cooperative or the Brand Fund. Your participation in any advertising, whether by monetary contribution or otherwise, shall not vest you with any rights in the Marks employed in such advertising or in any tangible or intangible materials or rights, including, copyrights, generated by such advertising. If requested by us, you shall assign to us any contractual rights or copyright you acquire in any advertising.

10. RECORDS, REPORTS AND FINANCIAL STATEMENTS

(a) You shall maintain during the Initial Term and shall preserve for at least five (5) years from the dates of their preparation, and shall make available to us at our request and at your expense, full and complete and accurate books, records, and accounts in accordance with generally accepted accounting principles. We have the right to require you to grant us unlimited, remote, 24/7 access to your books, records, and accounts that are provided through Computer Systems. You agree to prepare, and if requested by us, to provide to us or our designee, in the manner and format that we prescribe from time to time:

(i) unless we designate otherwise with thirty (30) days prior notice to you, by the fifth (5th) day of each month, a report on the Service Fees and Gross Revenues for the prior month and a profit and loss, statement of cash flows, and balance sheet;

(ii) On such due dates as we establish, other forms, reports, records, information, and data as we may designate;

(ii) quarterly profit and loss and source and use of funds financial statements and a balance sheet for the Clinic as of the end of the prior calendar quarter;

(iii) within forty-five (45) days after the end of each calendar year or our fiscal year, the operating statements, financial statements, statistical reports, and other information we request regarding you and the Clinic covering the previous calendar year or our fiscal year, which we can require to be prepared and certified by a certified public accountant; and

(iv) within ten (10) days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we periodically require relating to the Clinic.

(b) You agree to verify and sign each report and financial statement in the manner we prescribe. We may disclose data derived from these reports, although we will not without your consent (unless required by law) disclose your identity in any materials that we circulate publicly. Moreover, we or our designee may, as often as we deem appropriate (including on a continual basis), access the Technology and retrieve all information relating to the Clinic's operation.

(c) In the event you have been in default of any financial, payment, or reporting obligation under this Agreement, even if cured, more than twice during the Initial Term of this Agreement, in addition to any other remedy available to us pursuant to this Agreement or under applicable law, we reserve the right to require that you prepare, and provide us, audited financial statements on an annual basis. In addition, you must provide us with audited financial statements in the event you prepare them for any other purpose.

(d) You agree to preserve and maintain all records in a secure location at the Clinic for at least five (5) years (including, but not limited to, sales receipts, purchase orders, invoices, payroll records, patient and client lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers).

(e) You agree to use the standard chart of accounts we require and to prepare and submit to us any reports and records we may require, including, without limitation, financial, operational, employee, billing, and third-party payor information. We may require such information about both your business and the PC, if applicable.

(f) You also shall immediately notify us in writing when one (1) or more liens or judgments are filed against the you, the Clinic and/or any of the personal guarantors, under this Agreement. You shall use only such forms as are approved by us.

11. INSPECTIONS AND AUDITS

11.1 Our Right to Inspect the Clinic. To determine whether you and the Clinic are complying with this Agreement and to assess your operations and adherence to System Standards, we and our designated agents or representatives may at all times and without prior notice to you: (1) inspect and observe the operation of the Clinic; (2) interview the Clinic's personnel and any of your architects, designers, vendors, suppliers, contractors; (3) inspect and observe the construction, remodeling, and upfitting of the Clinic; and (4) inspect and copy any books, records, and documents relating to the Clinic's operation. You agree to cooperate with us fully. If we exercise any of these rights, we will not interfere unreasonably with the Clinic's operation. We may conduct inspections remotely via communications technology and may photograph and/or videotape during the inspection. Your cooperation includes having your representatives use communications technology to facilitate the remote inspection by us or our agents. You will take such steps as may be

necessary to correct any deficiencies detected during our inspections and immediately desist from any use of the Premises of Clinic that does not conform to our then-current plans and specifications.

11.2 Our Right to Audit. We and our designated agents have the right at all times to examine the Clinic's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. You agree to cooperate fully with us, our representatives, accountants, auditors, representatives, and/or contractors in any examination. We may conduct our audit or examination at our offices, your Clinic or the locations of our representative, accountant, auditor, or contractor. If any examination discloses an understatement of the Clinic's Gross Revenues, you agree to pay us, within ten (10) days after receiving the examination report, any fees due on the amount of the understatement, plus our service charges and interest on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of Gross Revenue exceeding Two Percent (2%) of the amount that you actually reported to us for the period examined; then: (a) you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees; and (b) we may require you to provide us with periodic audited statements. These remedies are in addition to our other remedies and rights under this Agreement and applicable law. If you are required to enter into a Management Services Agreement with a PC, upon our written request, you must audit the books and records of the independent professional medical corporation or the licensed medical personnel that render professional services at your ARRAY SKIN THERAPY Clinic so that we may verify the accurate reporting to us of all Service Fees and Gross Revenues.

12. TRANSFER

12.1 By Us. We may change our ownership or form and/or assign this Agreement and any other agreement and/ or all of our rights and/or obligations under them to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement. We may be sold and/or we may sell any or all of our assets to a competitive or other entity, or we may participate in an initial or other public offering, merge or acquire other assets and/or entities (competitive or not); undertake refinancing or any other transaction. You waive any and all claims, demands, and/or damages with respect to any such transactions.

12.2 By You.

(a) You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or, if you are an Entity, to your owners) and that we have granted you the Franchise in reliance on your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without our prior written approval (which we will not unreasonably withhold if the terms and conditions of this Section 12 are satisfied): (i) this Agreement (or any interest in this Agreement); (ii) the Clinic; (iii) the lease for the Premises; (iv) substantially all of the assets of the Clinic; (v) any ownership interest in you (regardless of its size); or (vi) any ownership interest in any of your owners (if they are legal entities).

(b) In this Agreement, the term “transfer” includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. Any transfer without our approval is a breach of this Agreement and is of no effect. A transfer includes the following events:

(i) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;

(ii) merger or consolidation or issuance of additional securities or other forms of ownership interest;

(iii) any sale of a security convertible to an ownership interest;

(iv) transfer of an interest in you, this Agreement, the Clinic or substantially all of its assets, or your owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;

(v) if you, one of your owners, or an owner of one of your owners dies, a transfer of an interest in you, this Agreement, the Clinic or substantially all of its assets, or your owner by will, declaration of or transfer in trust, or under the laws of intestate succession; or

(vi) pledge of this Agreement (to someone other than us) or of an ownership interest in you or your owners as security, foreclosure upon the Clinic, or your transfer, surrender, or loss of the Clinic’s possession, control, or management.

12.3 Conditions for Approval of Transfer.

(a) If you (and your owners) are fully complying with this Agreement and other agreements between you, your owners, or your affiliates, and us,, then, subject to the other provisions of this Section 12, we will approve a transfer that meets all of the requirements in this Section 12.3.

(b) If you are an Entity, your owners add a non-controlling ownership interest in you or your owners (determined as of the date on which the proposed transfer will occur) if; (1) the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and otherwise meet our then applicable standards for a Clinic franchisee (including no ownership interest in or performance of services for a Competitive Business); (2) you give us prior written notice of the transfer; (3) you and the new owner execute the documents we require to document the additional owner and have such owner agree to be bound by the terms of this Agreement, the personal guaranty, and non-compete agreement, and (4) you pay us a transfer fee equal to One Thousand Five Hundred Dollars (\$1,500), due at the time you notify us of the transfer. A “non-controlling ownership interest” means an ownership interest that is less than the percentage of the voting rights in an Entity necessary to make binding decisions for the Entity under its governing documents.

(c) For any other proposed transfer, all of the following conditions must be met before or concurrently with the effective date of the transfer:

(i) the transferee has sufficient business experience, aptitude, and financial resources to operate the Clinic and provide us with all documentation that we reasonably require;

(ii) you have paid all Royalty Fees and other amounts owed to us and our affiliate(s) and have submitted all required reports and statements, and are not in violation of this Agreement at the time of transfer. You will remain liable for all obligations to us in connection with the Clinic which arose prior to the effective date of the transfer;

(iii) neither the transferee nor its owners (if the transferee is an Entity) or affiliate(s) have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(iv) the transferee (or its operating owner) satisfactorily completes our training program at the then current training cost;

(v) your landlord allows you to transfer the lease or sublease the Premises to the transferee;

(vi) the transferee must (if the transfer is of this Agreement), or you must (if the transfer is of a controlling ownership interest in you or one of your owners), sign our then current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement. Fees paid by the transferee under the new franchise agreement that are calculated based upon the length of time that the Clinic has been operating will be calculated based upon the total length of time the transferred Clinic has been operating, including the time that it was operated by the transferor, and will commence at the same rate that the transferor was paying immediately prior to the transfer. This agreement will terminate once an approved transfer is completed;

(vii) you pay us a transfer fee equal to one of the fees below:

(1) For a transfer to an Out-of-Network Transferee, a fee equal to Seventy Five Percent (75%) of the then-current initial franchise fee. A non-refundable deposit of Five Thousand Dollars (\$5,000) shall be due at the time you notify us of your intent to transfer with the remainder due at the time of transfer. "Out-of-Network Transferee" means a person or party who is not a current ARRAY SKIN THERAPY franchisee in good standing; or

(2) For a transfer to an In-Network Transferee, a fee equal to Fifty Percent (50%) of the then-current initial franchise fee. A non-refundable deposit of Five Thousand Dollars (\$5,000) shall be due at the time you notify us of your intent to transfer with the remainder due at the time of transfer. "In-Network Transferee" means a person or party who is a current ARRAY SKIN THERAPY franchisee in good standing.

(viii) you and your owners and guarantors (each for itself and on behalf of your and their respective predecessors, parents, affiliates, subsidiaries, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns) assign a general release, in a form satisfactory to us, of any and all claims arising before the effective date of the transfer against us, our predecessors, parents, affiliates, and subsidiaries; and our and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities;

(ix) we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Clinic;

(x) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Clinic are subordinate to the transferee's obligation to pay Royalty Fees, and other amounts due to us, our affiliate(s), and third-party vendors and otherwise to comply with this Agreement;

(xi) (i) you have corrected any existing deficiencies of the Clinic of which we have notified you in writing or by electronic communications, and/or (ii) the transferee agrees to upgrade and refurbish the Clinic in accordance with our then current requirements and specifications for ARRAY SKIN THERAPY Clinics within the time period we specify following the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take and the time period within which such actions must be taken); and

(xii) you and your transferring owners (and your and your owners' spouses) will comply with the covenants and obligations contained in Section 15, as applicable.

We may review all information regarding the Clinic that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding the Clinic.

12.4 Transfer to a Wholly Owned Corporation or Limited Liability Company. Notwithstanding anything to the contrary, if you are fully complying with this Agreement, and other agreements with us and our affiliate(s), and after providing us with written notice, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than the Clinic and, if applicable, other Clinics, in which you maintain management control, and of which you own and control One Hundred Percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all of the Clinic's assets are owned, and the Clinic's business is conducted, only by that single corporation or limited liability company. The corporation or limited liability company must expressly assume all of your obligations under this Agreement. Transfers of ownership interests in the corporation or limited liability company are subject to Section 12.3 above. You agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur.

12.5 Death or Disability.

(a) Upon the death or disability of you or an owner, the executor, administrator, conservator or other personal representative of such person shall transfer his interest to a party approved by us within six (6) months thereof. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to all conditions set forth in this Article 12, including our right of first refusal, provided that if the transfer is by devise or inheritance, the transferor will not be obligated to pay a transfer fee. Failure to so dispose of such interest within said period of time shall constitute a breach of this Agreement. The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent you or the owner from supervising from operating the Clinic in the manner required by this Agreement and the Manual or from performing its, his, or her obligations under this Agreement and the Manual.

(b) Upon the death or disability of you or an owner, the executor, administrator, conservator or other personal representative of such person shall within a reasonable time, not to exceed thirty (30) days from the date of death or disability, appoint an operations manager unless you or an owner had previously appointed an operation who remains responsible for the day-to-day operation of the Clinic. The operations manager must complete our standard training program at the sole cost of the franchisee, sign our then-current form of confidentiality and non-compete agreement, and comply with any of our then-current requirements for approval of an operations manager.

(c) Not in lieu of any additional rights we may have, upon death or disability of you or any owner, we may, but need not, assume operational authority for the Clinic (or appoint a third party to assume operational authority) and take possession of the Premises until the transfer pursuant to Article 12 is completed. The terms and conditions for the exercise of our step-in right are set forth in Section 16.7.

12.6 Effect of Consent to Transfer. Our consent to a transfer of this Agreement and the Clinic, or any interest in you or your owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Clinic's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement. Further, our consent to a transfer will not constitute a waiver of any claims we have against the transferring party nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement.

12.7 Our Right of First Refusal.

(a) If you (or any of your owners) at any time determine to sell or transfer for consideration an interest in this Agreement or your Clinic, or a direct or indirect ownership interest in you (except as in a transaction described in 12.3(a) and 12. 4), you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, signed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this Agreement or your Clinic. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

(b) We may, by written notice delivered to you or your selling owner(s) within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

(i) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately held entity);

(ii) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);

(iii) we will have an additional thirty (30) days to prepare for closing after notifying you of our election to purchase; and

(iv) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable.

(c) We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 12.7.

(d) If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with, and you (and your owners) and the transferee comply with the conditions in, Sections 12.2 and 12.3 above.

(e) If you do not complete the sale to the proposed buyer within ninety (90) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to tell us about promptly), we or our designee will have an additional right of first refusal during the thirty (30) day period following either the expiration of the ninety (90) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

(f) Upon the close of the sale of the Clinic to us, this Agreement shall terminate and you and your owners shall comply with the covenants and obligations set forth in Section 15, as applicable.

13. EXPIRATION OF THIS AGREEMENT

If you (and each of your owners) have (a) substantially complied with this Agreement during its Term; (b) are, both on the date you give us written notice of your election to acquire a successor franchise and on the date on which the term of the successor franchise would commence, in full compliance with this Agreement and all System Standards and are current with all debts and obligations you undertook under this Agreement; (c) you have not received more than three (3) notices of default during any consecutive two (2) year period during the Term; (d) you give us written notice of your intent to obtain a successor term not less than nine (9) months nor more than twelve (12) months prior the expiration of the Term; (e) you shall make or provide for in a manner satisfactory to us, such renovating, upgrading, and equipping of the Clinic as we may require, including without limitation, renovation, upgrading, and/or replacement of signs, equipment, furnishings, fixtures, Technology, and décor, to reflect the then-current standards and image of the System; (f) you and your owners and Operating Owners comply with our then-current training requirements; and (g) provided that (i) you maintain possession of and agree (regardless of cost) to remodel and/or expand the Premises, add or replace improvements and Business Assets, and otherwise modify your Clinic as we require to comply with System Standards then applicable for new Clinics, or (ii) at your option, you secure substitute premises that we accept and you develop those premises according to System Standards then applicable for Clinics, and continue to operate the Clinic at the Premises until operations are transferred to the substitute premises; then, subject to this Section 13, you may acquire up to two (2) successor franchises to operate your Clinic for a "First Successor Term" of five (5) years and, if all requirements are met at the expiration of the First Successor Term, a "Second Successor Term" of five (5) years. You agree to sign the franchise agreement we then use to grant franchises for Clinics (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement; provided that we will waive the initial franchise fee ("Successor

Franchise"). However, you must pay a fee of in an amount equal to Ten Percent (10%) of the then-current initial franchise fee). If you (and each of your owners) are not, both on the date you give us written notice of your election to acquire a Successor Franchise and on the date on which the term of the Successor Franchise commences, in full compliance with this Agreement and all System Standards, you acknowledge that we need not grant you a Successor Franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement under Section 14. Additionally, you, your owners, guarantors, (each for itself and on behalf of your and their respective predecessors, parents, affiliates, subsidiaries, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns) sign a general release, in a form satisfactory to us, of any and all claims against us, our predecessors, parents, affiliates, and subsidiaries; and our and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities. If you fail to perform any of the acts set forth above in a timely fashion, your failure will be deemed your election not to exercise your right to obtain a Successor Term and will cause your right to expire without further action or notice by us.

14. TERMINATION OF AGREEMENT

14.1 Automatic Termination. You shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if you shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless unappealed or a supersedeas bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Clinic premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of your Clinic shall be sold after levy thereupon by any sheriff, marshal, or constable.

14.2 Regulatory Termination. If, prior to the expiration of the Initial Term, any federal, state or local regulatory body, including, but not limited to, the Clinics for Medicare and Medicaid Services, the Department of Health and Human Services or the Internal Revenue Service determines that this Agreement violates any law, or otherwise materially affects either party's ability to perform under this Agreement, then the affected party shall give the other party such notice as is reasonable under the circumstances and shall make available a reasonable period within which to cure. If no cure is implemented by the parties, then we, in our sole discretion, may terminate this Agreement with such notice as is, in our sole discretion, reasonable under the circumstances.

14.3 Termination Upon Notice Without Opportunity to Cure. You shall be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon the delivery of written notice to you upon the occurrence of any of the following events or upon the occurrence of any default that is not curable:

(a) you (or any of your owners) have made or make any misrepresentation or omission in your application for, or in acquiring, the license and franchise rights, or in operating the Clinic; or breach any warranty or representation made to us whether in this Agreement or otherwise.

(b) you (or any of your owners) make or attempt to make any transfer in violation of Section 12.

(c) you (or any of your owners), the Medical Director, or the PC fail to maintain any required licenses, permits, or certifications to open or operate the Clinic.

(d) you (or any of your owners) or the PC operate the Clinic in an unsafe manner.

(e) you, any of your owners, the Medical Director, or the PC, fail to meet the state and local certifications or other requirements regarding medical phototherapy businesses, or you, any of your owners, or the PC fail to meet state and local certifications or other requirements for the operation or employment of medical providers, nurses, and other professionals in a medical phototherapy Clinic, and you fail to cure this default within ten (10) days after you receive notice thereof, or, alternatively, you fail to prohibit any such employees from working in the Clinic, until the requirements are met.

(f) your, the Medical Director, or the PC's license to practice medicine or practice nursing in any state is restricted, suspended or revoked.

(g) you or any of your owners, the Medical Director or the PC or any owner of the PC are convicted of, or plead guilty or no contest to, (i) a felony, (ii) a crime involving moral turpitude, (iii) a crime harming children, (iv) fraudulent conduct, or (v) any other crime or offense that is reasonably likely to have an adverse effect on the Clinic, the Marks or the goodwill associated therewith, or you or any of your owners are proven to have engaged in any of the above.

(h) you (or any of your owners), the Medical Director, the PC, or any owners of the PC engage in any dishonest or unethical conduct which, in our opinion, adversely affects the Clinic's reputation or the goodwill associated with the Marks.

(i) you (or any of your owners), the Medical Director, or the PC knowingly make any unauthorized use or disclosure of any part of the Manual or any other Confidential Information.

(j) you (or any of your owners) (a) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, for which we notified you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two (2) or more separate occasions within any eighteen (18) consecutive month period to comply with the same obligation under this Agreement, for which we notified you of the failures, whether or not you correct the failures after our delivery of notice to you.

(k) you understate your Gross Revenues for any period by Two Percent (2%) or more or knowingly maintain false books or records or knowingly submit such false books or records to us.

(l) if the Clinic is required by law to operate with a Medical Director who has certain licenses or credentials and the Clinic is at any time operated without a Medical Director who meets the requirements of law.

(m) you (or any of your owners or affiliates) are in default of any other agreement with us or any of our affiliate(s), and you have failed to cure the default within the time period, if any, provided for such cure under such agreement(s).

(n) you, the PC, (or any of your owners) are excluded from participation in any government funded health care program, including Medicare and Medicaid, and fail to become fully reinstated within thirty (30) days of being excluded.

(o) you or any of your owners materially impair the value of or the goodwill associated with the Clinic, any of the Marks, or the System.

(p) you begin operations of the Clinic prior to receiving prior written approval from us.

(q) you operate under any trademark not approved by us or otherwise use any trademark we do not approve.

(r) a transfer is not effected within six (6) months after the death or disability of any individual franchisee, or an owner.

(s) you abandon or fail actively to operate the Clinic for three (3) or more consecutive business days, unless you close the Clinic for a purpose we approve or because of casualty or government order.

14.4 Termination After Opportunity to Cure. Except as otherwise provided in Sections 14.1 and 14.2 above, upon any other default by you of your obligations hereunder, which is capable of being cured, including those identified below, we may terminate this Agreement by giving written notice of termination, setting forth the nature of such default to you at least thirty (30) days prior to the effective date of termination or any shorter period set forth below; provided, however, that you may avoid termination if the default is curable by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us, all within the thirty (30) day or shorter period. If any such default is not cured within the specified time or is not curable, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day or shorter period or such longer period as applicable law may require. The following is a non-exclusive list of illustrative events of default for which you have an opportunity to cure the default to avoid termination:

(a) you do not open the Clinic for business within the time period prescribed in Section 2.5 or you fail to secure an approved site for the Clinic within the time period prescribed in Section 2.1.

(b) you (or your Operating Owner) do not satisfactorily complete the initial training program.

(c) you (or any of your owners), the Medical Director, or the PC fail to comply with any federal, state, or local law regulation.

(d) you (or any of your owners), the PC, the Medical Director, or any of the Clinical Staff misuse our Marks or the System or use the Marks or our System without our authorization.

(e) you fail to operate the Clinic during the days and hours specified in the Manual without our prior approval, which we will not unreasonably withhold.

(f) you fail to promptly pay your suppliers, including any of our affiliate(s), when such payments are due except in connection with a good faith dispute that you have with third-party suppliers.

(g) you or the PC fail to obtain or maintain the insurance we require or you fail to repay us for the insurance that we have paid on your or the PC's behalf and you do not correct the failure within thirty (30) days after we deliver written notice of that failure to you.

(h) you fail to pay us (or our affiliate(s)) any amounts due and do not correct the failure within five (5) days after we deliver written notice of that failure to you, or immediately if payment has not been made within thirty (30) days of its due date.

(i) you (or any of your owners) fail to comply with any other provision of this Agreement, the Manual, or any System Standard.

(j) you fail to obtain our prior permission to conduct any off-Premises or out-of-Territory activities or you fail to cease any off-Premises or out-of-Territory activities upon notice from us.

(k) we receive repeated client complaints about the Clinic.

(l) you make use of any unauthorized supplier, good, or service, or offer or sell any unauthorized good or service.

14.5 Extended Notice of Termination. If any law applicable to this Section 14, or Section 13 above, requires a longer notice period prior to termination of this Agreement, or prior to a refusal to enter into a successor franchise agreement, than is specified in this Agreement, a different standard of "good cause," or the taking of some other action not required under this Agreement, the prior notice, "good cause" standard, and/or other action required by such law will be substituted for the comparable provisions in this Agreement. Notwithstanding anything in this Agreement, we reserve the right to grant to you in our sole discretion an extended cure period for any breach. You acknowledge that our decision to grant such an extended cure period shall not operate as a waiver of any of our rights and that may choose to condition such an extension upon the signing of a general release by you, your owners, and your guarantors.

14.6 Remedies other than Termination. If you commit any act, or any other event occurs, which constitutes grounds for termination of this Agreement by us under any provision of this Agreement, we may instead elect to reduce the Territory or terminate your territorial protection set forth in Section 1.2, which will take effect immediately upon our written notice to you or institute an appropriate legal proceeding. Our election of any of these remedies will not preclude us from invoking our right to terminate if the act or event constituting grounds for termination continues to exist.

14.7 Notification. You authorize us to notify any of your lenders, creditors, patients, clients, vendors, or landlords upon the occurrence of any default, or any event or circumstance which the giving or notice or passage of time or both would constitute an event of default, and to otherwise

communicate with such lenders, creditors, patients, clients, vendors, or landlords with respect to any such default, event, or circumstance.

14.8 Limitation of Service or Benefit. We shall have the right, but not the obligation, to temporarily or permanently limit or remove certain services or benefits provided or required to be provided to you hereunder in lieu of exercising our right to terminate this Agreement pursuant to the terms hereof, including, without limitation, eliminating your right to use any Online Presence, restricting or removing your right to purchase products directly or indirectly from the us or our affiliates, and restricting or removing your right to use the Technology. Nothing in this subsection constitutes a waiver of any of our other rights and remedies under this Agreement. You acknowledge that our exercise of its rights pursuant to this subsection shall not be deemed a constructive termination. Any services or benefits removed or limited pursuant to this subsection may be reinstated at any time in our sole discretion.

14.9 Cross Defaults. Any default by you under this Agreement shall be a default under any other agreement between us (or our affiliates) and you (or any of your owners or affiliates). Any such default under any other agreement or any other obligation between us (or our affiliate) and you (or any of your owners or affiliates) shall be a default under this Agreement. Any default by you (or any of your owners or affiliates) under any lease, sublease, loan agreement, or security interest may be regarded as a default under this Agreement, regardless of whether or not any such agreements are between you (or any of your owners or affiliates) and us (or our affiliates).

14.10 Notice of Noncompliance. Without waiving any rights that we may have, and in our sole discretion, we may elect not to terminate your franchise agreement as a result of a default. In the event a default occurs, we may elect to give written notification (a "Notice of Noncompliance") to you that the Clinic is not in compliance with the terms and conditions of this Agreement. Such Notice of Noncompliance shall state a period for you to cure the noncompliance, which shall be a period not less than thirty (30) days. For a period of six (6) months from and after the date of such Notice of Noncompliance, you shall reimburse us for reasonable costs that we incur with respect to the Clinic, including without limitation the costs of any audit or inspection of the Clinic in excess of our audit program, any quality assurance program for the Clinic during such six (6) month period in excess of our normal quality assurance program applied to all Clinics, additional training that we determine is required to bring the Clinic up to our standards, and any personnel costs incurred by us at the Clinic site to ensure the proper management and operation of the Clinic. Nothing in this subsection shall limit our termination rights as otherwise set forth in this Agreement, which we reserve the right to exercise at any time.

14.11 Termination by You. If we fail to perform any material obligation imposed upon us by this Agreement, and such failure is not cured within ninety (90) days after you deliver written notice of such failure to us, then, provided you are otherwise compliant with your obligations under this Agreement and any other agreement with us, you may terminate this Agreement at any time thereafter by delivering thirty (30) days' written termination notice to us.

14.12 Step-In Rights. In addition to our right to terminate this Agreement, and not in lieu of such right, or any other rights we may have against you, upon a failure to meet any of the requirements of this Agreement or upon a failure to cure any default within the applicable time period (if any), we have the right, but not the obligation, to, assume operational authority for the Clinic (or appoint a third party to assume operational authority) and take possession of the Premises until such time as we determine that the default has been cured, and you are otherwise in compliance

with this Agreement, or until such time as we determine to cease exercising our right. The terms and conditions for the exercise of Franchisor's step-in right are set forth in 16.7.

15. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION, NON-RENEWAL, OR EXPIRATION OF THIS AGREEMENT

15.1 Payment of Amounts Owed to Us. You agree to pay us within fifteen (15) days after this Agreement expires, does not renew, or is terminated, or on any later date that we determine, the Royalty Fees, interest, and all other amounts owed to us (and our affiliate(s)) which then are unpaid. You shall promptly pay to us all damages, costs and expenses including reasonable attorneys' fees, incurred by us subsequent to the termination, non-renewal, or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any term, covenant or provision of this Agreement. You and we also agree that it would be difficult if not impossible to determine the amount of damages that we would suffer due to a termination of this Agreement because of your default or termination without cause. Therefore, you and we agree that a reasonable estimate of those damages (as liquidated damages and not as a penalty) is the net present value of an amount equal to the average of the preceding twenty-four (24) months of Royalty Fees due and payable pursuant to Section 3.2, multiplied by the lesser of (i) thirty six (36) or (ii) the number of full months (pro-rated for partial months) left in the term of this Agreement, except that the liquidated damages will not, under any circumstances, be less than Seventy Two Thousand Dollars (\$72,000). You shall pay all costs, expenses and attorneys' fees incurred by us in enforcing the terms and conditions of this provision. Nothing contained herein shall be construed as prohibiting us from additionally pursuing any other remedies which may be available to us for such breach, including recovery of actual damages.

15.2 Marks. When this Agreement expires, does not renew, or is terminated for any reason:

(a) you may not directly or indirectly at any time or in any manner (except as we may otherwise approve, and except with respect to other ARRAY SKIN THERAPY Clinics you own or as required by law, or as necessary to accurately respond to any inquiry, or as required by law, regarding your business operations prior to the expiration or termination) identify yourself or any business as a current or former ARRAY SKIN THERAPY Clinic or as one of our current or former franchisees; use any Mark, any colorable imitation of a Mark, or other indicia of an ARRAY SKIN THERAPY Clinic in any manner or for any purpose as such provides us with the right to seek appropriate remedies under the counterfeiting provisions of the Federal Trademark Act (the Lanham Act); or use for any purpose any trade name, trade dress, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us;

(b) you agree to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(c) you agree to deliver to us within thirty (30) days all (i) signage, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to an ARRAY SKIN THERAPY Clinic that we request and (ii) all property held or used by the Clinic which is owned by us, and allow us, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove these items from the Clinic;

(d) if we do not have or do not exercise an option to purchase the assets of Clinic under Section 15.5 below, you agree promptly and at your own expense to make the alterations we specify

in our Manual (or otherwise) to remove any ARRAY SKIN THERAPY trade dress, and to distinguish the Clinic and the Premises clearly from its former appearance and from other ARRAY SKIN THERAPY Clinics in order to prevent public confusion.

(e) in connection with your obligations under Attachment 5, you agree to notify the telephone company, all telephone directory publishers, and all domain name registries and Internet service providers, or providers of any Online Presence of the termination or expiration of your right to use any telephone, facsimile, any Online Presence, or other numbers names and telephone directory listings associated with any Mark; to authorize the transfer of these numbers, names, and directory listings to us or at our direction; and/or to instruct the telephone company, domain name registries, and Internet service providers, or providers of any Online Presence to forward all calls, e-mails and electronic communications made to your names, numbers, or addresses to names, numbers, or addresses we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events;

(f) you agree to immediately cease to operate the Clinic;

(g) you agree to immediately deliver to us all login credential associated with any Technologies, directory, marketing, Online Presence, and all other accounts and systems affiliated with the Clinic;

(h) you and your owners must comply with the covenants contained in this Agreement;

(i) if we so request, assign to us or our designee any interest which you have in any lease for the Premises or any other agreement related to the Premises. You will do whatever is necessary to effectuate and complete the assignment;

(j) you immediately transfer at our request all ownership interest in Client List and Clinic Data, at our request and in accordance with all applicable law.

(k) you shall comply with our instructions relating to the Technology.

(l) if we so request and if you own the real property on which the Clinic is located, lease the Premises to us on substantially the same terms and conditions contained in your lease for the Premises, or if no lease exists or if the existing lease is not commercially reasonable, then on commercially reasonable terms. The lease shall be for an initial five (5) year term, with two (2) five (5) year renewal terms (at our option). If the parties cannot agree on the rent to be charged under the lease within thirty (30) days after the expiration, termination, or non-renewal of the Agreement, the rent will be determined by a qualified independent appraiser. Each party shall present its proposed rent, and the independent appraiser will select the most commercially reasonable rent from the two proposals. The independent appraiser's determination will be binding on the parties. If the parties are not able to agree on an independent appraiser within forty-five (45) days of the termination, non-renewal, or expiration of this Agreement, each party will select an independent appraiser. The independent appraisers chosen will then select a third independent appraiser whose determination will be binding on the parties. The parties agree to select their respective appraisers within fifty-five (55) days after the termination, non-renewal, or expiration of this Agreement and the two appraisers chosen are obligated to appoint the third appraiser within fifteen (15) days after the date on which the last of the two party-appointed appraisers is appointed. Each party will bear the cost of its own appraisers and share equally the reasonable fees and expenses of the third

appraiser. The parties will take reasonable actions to cause the third appraiser to complete his or her appraisal within fifteen (15) days after the third appraiser's appointment; and

(m) you agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

15.3 Confidential Information. You agree that, when this Agreement expires or is terminated, you will immediately cease using any of our Confidential Information (including Technology and digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or the System) in any business or otherwise and return to us all copies of the Manual and any other confidential materials that we have loaned you. You must continue to comply with your obligations under Section 6 of this Agreement.

15.4 Covenant Not to Compete.

(a) Upon termination, expiration, transfer, or non-renewal of this Agreement, for any reason:

(i) You and your owners agree that, for two (2) years beginning on the later to occur of (i) the effective date of termination, transfer, non-renewal, or expiration or (ii) the date on which all persons restricted by this Section 15.4 begin to comply with this Section 15.4 or (iii) if legal proceedings are necessary to enforce this Agreement, the date of entry of an order by a court of competent jurisdiction or arbitrator enforcing the Agreement ("Restrictive Period"), you and your owners, and your and their spouses, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, limited liability company, or other entity, will not do any of the following in the Restricted Territory (defined below):

(ii) own, maintain, operate, engage in, franchise or license, advise, make loans to, or have any controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or be or perform services as a partner, director, manager, managerial employee, consultant, or sales person for any Competitive Business (as defined in Section 7 above); provided, however that equity ownership of less than Five Percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 15.4.

(iii) engage in any Competitive Business as an officer, director, employee, consultant, or independent contractor in any capacity in which such person would be in a position to use or disclose Confidential Information.

(b) You and your owners agree that, for during the Restrictive Period, you and your owners, and your and their spouses, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, limited liability company, or other entity, will not do any of the following in the Restricted Territory:

(i) solicit, divert, or induce or attempt to solicit, divert, or induce for, or on behalf of, any Competitive Business any person or entity who was an employee of, independent contractor to, consultant to, or other service provider to the Clinic as of the date of termination, expiration, transfer, or non-renewal of this Agreement or who was an employee of, independent contractor to, consultant to, or other service provider to the Clinic during the one (1) year period prior to the date

of termination, expiration, or non-renewal of this Agreement, to work for the Competitive Business;
or

(ii) solicit, divert, induce or attempt to solicit, divert, or induce any person or entity who is an employee of, independent contractor to, consultant to, or other service provider to us, our affiliates, or our other franchisees to terminate or alter in any way its, his, or her relationship with us, our affiliates, or our other franchisees; or

(iii) solicit, divert, or induce or attempt to solicit, divert, or induce any persons who were employees of, independent contractors to, consultants to, or any other service provider to us, our affiliates, or our other franchisees at the time of the termination, expiration, or non-renewal of this Agreement for, or on behalf of, any Competitive Business to work for any Competitive Business; or

(iv) solicit, divert, or attempt to solicit or divert to any Competitive Business any patient or client to which the Clinic sold any product or for which the Clinic performed any service at any time within the one (1) year period prior to the termination, expiration, or non-renewal of this Agreement or any prospective patient or client that the Clinic called on at any time or had any communications within the one (1) year period prior to the termination, expiration, or non-renewal of this Agreement; or

(v) solicit, divert, or attempt to solicit or divert, any vendor that has done business with the Clinic within one (1) year of the Restrictive Period to provide supplies, products, equipment, merchandise, or services to a Competitive Business.

(c) For purposes of this Section 15, the term "Restricted Territory" means the following:

(i) An area which combined includes (a) the Territory defined in Attachment 1 as of the date of termination, expiration, transfer, or non-renewal of this Agreement, including the Premises, (b) the territories in which we, our affiliates or our other franchisees operate any ARRAY SKIN THERAPY businesses or locations as of the date of termination, expiration, transfer, or non-renewal of this Agreement, and (c) any area which is within fifteen (15) miles of the boundaries of any of those territories; or

(ii) Only in the event the foregoing is determined by a court of law to be too broad, an area which combined includes (a) the Territory defined in Attachment 1 as of the date of termination, expiration, transfer, or non-renewal of this Agreement, including the Premises, and (b) any area which is within fifteen (15) miles of the boundaries of the Territory; or

(iii) Only in the event the foregoing is determined by a court of law to be too broad, the Territory defined in Attachment 1 as of the date of termination, expiration or non-renewal of this Agreement, including the Premises.

(iv) Only in the event the foregoing is determined by a court of law to be too broad, the Premises, defined in Attachment 1.

(c) The foregoing covenants against unfair competition and covenant of non-solicitation with respect to similar Competitive Businesses shall apply regardless of how or why the Agreement terminates, expires, or does not renew. The parties agree that the foregoing covenants contained in this Section 15 contain reasonable limitations as to time, geographical area, and scope of activity to

be restrained and do not impose a greater restraint than is necessary to protect our goodwill or our other business interest and our franchisees, and the provisions do not prevent you or your owners from earning a living. You agree that the scope of activities prohibited in this Section 15, and the length of the term and geographical restrictions in this Section 15, are necessary to protect the legitimate business interests and are fair and reasonable and are not the result of overreaching, duress, or coercion of any kind. Your full, uninhibited, and faithful observance of each of the covenants in this Section 15 will not cause any undue hardship, financial or otherwise. Enforcement of each of the covenants in this Section 15 will not impair your or your owners' ability to obtain employment commensurate with your or your owners' abilities or on terms fully acceptable to you or otherwise to obtain income required for the comfortable support of you or your owners and their families, and the satisfaction of the needs of all of your and your owners' creditors. Your and your owners' special knowledge of the Clinic and of Competitive Businesses (and anyone acquiring this knowledge through you or your owners) is such as it would cause us serious injury and loss if you and your owners (or anyone acquiring this knowledge through you and your owners) were to use this knowledge to the benefit of a competitor or were to compete with us or our franchisees. The covenants in this Section 15 are to be construed as independent of any other covenant or provision of this Agreement. The existence of any claim you or any of your owners may have against us or any of our affiliates (regardless of whether arising under this Agreement) is not a defense to the enforcement of these covenants against you or your owners. In the event of any violation of the provisions of this Section 15, the Restrictive Period shall be extended by a period of time equal to the period of the violation. You and we agree that the running of the applicable post-termination Restrictive Period shall be tolled during any period of such violation.

(d) You agree to obtain similar covenants from the personnel and persons we specify, including owners, directors, managers, officers and other employees attending our training program or having access to Confidential Information and owners' spouses. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

15.5 Our Right to Purchase Assets of the Clinic.

(a) Upon termination of this Agreement, non-renewal, or upon expiration of this Agreement if you do not enter into a successor franchise agreement, we will have the right and option, but not the obligation, to purchase any and all of the assets of the Clinic at a purchase price equal to their Fair Market Value (defined below). If we elect to exercise this option, we will deliver written notice to you of our election within thirty (30) days after the date of termination or expiration of this Agreement. We will have the right to inspect any assets at any time prior to or during this thirty (30) day period. If we elect to purchase the assets, we will be entitled to, and you must provide, all customary warranties and representations relating to the assets purchased, including, without limitation, representations and warranties as to the maintenance, function and condition of the assets and your good title to the assets (including that you own the assets free and clear of any liens and encumbrances).

(b) "Fair Market Value" shall mean the fair market value of the assets excluding the value of the Franchise, the Marks, patient base, and other assets owned by us and the assets' associated goodwill.

(c) If you disagree with our determination of Fair Market Value, then you must, within ten (10) days of receiving our proposal of the Fair Market Value, give us notice, which notice shall contain your alternative calculation of the Fair Market Value of the assets, applying the same

methodology discussed above. Within ten (10) days of you giving notice of your disagreement, we and you shall mutually agree upon a qualified independent appraiser who shall select from the two proposals of Fair Market Value the one that is the most commercially reasonable. The independent appraiser's determination shall be binding on the parties. If you do not provide written notice of your disagreement with the Fair Market Value determined by us within ten (10) days of receiving our proposal, then our determination of the Fair Market Value shall be deemed accepted.

(d) Notwithstanding the foregoing, we shall be entitled to offset the purchase price by the amount of money used by you to us for any payments necessary to acquire clear title to the property or for other debt. If we exercise our option to purchase, pending the closing of such purchase, we have the right to appoint a manager to maintain operation of the Clinic, or we may require that you close the Clinic during the period without removing any assets. You are required to maintain in force all insurance policies required under this Agreement until the date of closing.

15.6 Continuing Obligations. All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

16. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

16.1 Independent Contractors.

(a) You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with patients, clients, suppliers, public officials, Clinic personnel, and others as the Clinic's owner under a Franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time to time.

(b) Your employees are solely yours; we have no control, obligation, or responsibility for or to your employees or your employment policies or decisions. As to your employees, you are solely responsible for: their hiring, firing; promotion or demotion; employment policies, including employee relations; human resources matters; controlling work schedules and conditions of employment (e.g., meal and rest breaks, time-keeping); determining pay rates, method of payment and classification; benefits and maintenance of employment records; monitoring performance; and training and supervision. You shall obtain from each of your employees and acknowledgement signed by such persons providing that such individual understand, acknowledges, and agrees that (i) he or she is an employee of you and not us and (ii) he or she shall look to you and not to us, or our affiliates, agents, or employees, for his or her compensation and for other employment matters.

(c) You acknowledge that while we have responsibility for the integrity, promotion and quality of the ARRAY SKIN THERAPY brand, the Marks and the services associated therewith, you are solely responsible for the day-to-day decisions and operations of the Clinic consistent with System Standards. Furthermore, you acknowledge that, if applicable law requires that you enter into a Management Services Agreement with a PC, the PC shall be solely responsible for and have full authority and control over the practice of medicine, medical phototherapy, nursing and the provision

of medical, phototherapy, nursing and patient care by or at the Clinic and other aspects of the clinical practice of medicine and practice of nursing.

(d) Our ability to approve certain matters, to inspect the Clinic and its operations and to enforce our rights, exist only to the extent necessary to protect our interest in the System, the System Standards, and the marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are reserved for you.

16.2 No Liability for Acts of Other Party. We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Clinic's operation or the business you conduct under this Agreement.

16.3 Taxes. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, employment, or other taxes, whether levied upon you or the Clinic, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us.

16.4 Indemnification

(a) You and any of your owners and guarantors ("Franchisee Indemnifying Parties") agree to fully protect, indemnify, defend, reimburse, and hold us; our predecessors, parents, affiliates, and subsidiaries; and ours and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities (collectively, "Franchisor Indemnified Parties") harmless from and against all liabilities, losses, obligations, claims, demands, damages (consequential or otherwise), penalties, fines, costs, and expenses (including attorneys' fees) of any nature whatsoever (collectively, "Losses") incurred in connection with any action, suit, proceeding, claim, demand, judgment, investigation, inquiry, assessment, or formal or informal inquiry (regardless if reduced to judgment), or any settlement of the foregoing, of whatsoever nature (collectively, "Action"), or arising from, any of the following: (1) Franchisee Indemnifying Parties' actual or alleged violation of any law, rule, regulation, or ordinance; (2) damage to property; (3) injury to or death or disability of any person; (4) negligence, recklessness, misconduct, or criminal conduct by the Franchisee Indemnifying Parties', or any of your employees or agents; (5) data breaches; (6) Franchisee Indemnifying Parties' breach of this Agreement or any representations and warranties they make herein; (7) infringement of any intellectual property rights; (8) product recalls; (9) any failure to warn or give instructions related to any products or services provided by Franchisor Indemnified Parties or by you; (10) any labor or employment law disputes relating to the Premise or the Clinic or claims arising out of Franchisee's employment practices, including claims that any of the Franchisor Indemnified parties are the employer, joint employer, or co-employer of you or your agents, employees, or contractors; (11) any acts, errors, or omissions of the Clinic, the Franchisee Indemnifying Parties, and their employees, contractors, and agents; or (12) any third party claim that arises from or is connected with the ownership, establishment, use, non-use, possession, condition, operation, closure, or maintenance of the Premises, and the Clinic. Franchisee Indemnifying Parties agree that this obligation to indemnify is regardless of the cause or concurrent or contributing fault or negligence of the Franchisor Indemnified Parties. Franchisee Indemnifying Parties hereby waive all claims against Franchisor Indemnified Parties arising from any of the foregoing. Franchisor Indemnified Parties shall not be liable for any act or omission of Franchisee Indemnifying Parties or

their employees, contractors, or agents connected to or arising from the ownership, establishment, use, non-use, possession, condition, operation, or maintenance of the Premises and the Clinic.

(b) You will also notify us by telephone of any Action within forty-eight (48) hours after such Action is initiated and in writing within four (4) days after such Action is initiated. Franchisor Indemnified Parties shall have the right, in their sole discretion, and at your expense and risk, to: (1) retain counsel of their own choosing to represent them with respect to any claim; and (2) control the response thereto and the defense thereof, including the right to enter into settlements or take any other mitigating, remedial, corrective, or other actions they deem appropriate. Franchisee Indemnifying Parties must reimburse Franchisor Indemnified Parties for all of Franchisor Indemnified Parties' costs, expenses, and all attorneys' fees immediately upon Franchisor Indemnified Parties' request. Franchisee Indemnifying Parties shall not, without the prior written consent of the Franchisor Indemnified Party, (A) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Franchisor Indemnified Parties, or (B) settle or compromise any claim in any manner that may adversely affect the Franchisor Indemnified Parties. Franchisee Indemnifying Parties agree to give their full cooperation to Franchisor Indemnified Parties in assisting with the defense of any such claim. Franchisor Indemnified Parties' undertaking of defense and/or settlement will in no way diminish Franchisee Indemnifying Parties' obligations to indemnify Franchisor Indemnified Parties and to hold Franchisor Indemnified Parties harmless. Under no circumstance will Franchisor Indemnified Parties be required to seek recovery from any insurer or other third party or otherwise mitigate Franchisor Indemnified Parties' or the third parties' losses to maintain a claim for indemnification against Franchisee Indemnifying Parties. Franchisee Indemnifying Parties agree that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by Franchisor Indemnified Parties from you.

(c) Any and all of the Franchisee Indemnifying Parties' indemnification obligations under this Agreement shall survive the expiration, non-renewal, or sooner termination of this Agreement.

16.5 Business Associate. You and we understand and agree that certain protected health information may be disclosed to us in the course of providing services hereunder, and we may be considered a "business associate" of yours, as defined in HIPAA, and may be required by applicable law, including, without limitation, HIPAA, the HITECH Act, and applicable state laws and regulations, to enter into a Business Associate Agreement. In the event we are required to enter into a Business Associate Agreement, we mutually agree to enter into an agreement in the form attached hereto as Attachment 9.

16.6 Delegation of Performance. You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

16.7 Step-In Rights Generally. In the event we exercise our step-in rights in accordance with the terms as set forth above, you must (in addition to paying all other amounts owed due under this Agreement) pay us a "Temporary Management Fee" which is ten percent (10%) of the Clinic's Gross Revenues. Additionally, you must reimburse us or a designated third party for all reasonable costs and overhead, if any, incurred in connection with its operation of the Clinic including, without limitation, costs of personnel for supervising and staffing the Clinic and their travel and lodging accommodations. You agree that we or the third party may use monies from the Gross Revenues of

the Clinic for these reimbursements and fees. If we (or a third party we appoint) undertake to operate the Clinic pursuant to the exercise of our step-in rights, the Franchisee Indemnifying Parties agree to indemnify and hold the Franchisor Indemnified Parties or the third party (and our or the third party's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of our or the third party's operation of the Clinic. We (or a third party) have a duty to utilize only reasonable efforts to operate the Clinic and will not be liable to you, your owners, their respective heirs, beneficiaries, or devisees for any debts, losses, or obligations the Clinic incurs, or to any of your or your owners' creditors for any products, other assets, or services the Clinic purchases, while we (or a third party) manages it. You shall pay the Temporary Management Fee for as long as we or the third party is operating the Clinic . The Temporary Management Fee is due weekly.

17. ENFORCEMENT

17.1 Severability and Substitution of Valid Provisions

(a) Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

(b) If any covenant which restricts unfair competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

(c) If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

17.2 Waiver of Obligations

(a) We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

(b) We and you will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other ARRAY SKIN THERAPY Clinics; the existence of franchise agreements for other Clinics which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

17.3 Costs and Attorneys' Fees. If we incur costs and expenses due to your failure to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement during or after the Term, you agree to reimburse us for all of the costs and expenses that we incur, including, without limitation, reasonable accounting, attorneys' and related fees. In any claims, lawsuit, arbitration, or litigation arising out of or relating in any way to this Agreement or the parties' business relationship, the non-prevailing party agrees to reimburse the prevailing party for all attorneys' fees, costs, and expenses incurred in the prosecution or defense of any such claim, lawsuit, arbitration, or litigation.

17.4 Rights are Cumulative. Our rights under this Agreement are cumulative, and our exercise or enforcement of any right or remedy under this Agreement will not preclude our exercise or enforcement of any other right or remedy which we are entitled by law to enforce.

17.5 Dispute Resolution

(a) Subject to the exception below, before you and we may bring an action against the other, you and we must first meet to mediate the dispute. Any such mediation shall be conducted by the CPR Center for Alternative Dispute Resolution, under the rules established by the International Franchise Association endorsed National Franchise Mediation Program, and in accordance with its then-current rules for mediation of franchise disputes (and in the event such program is not then in existence, by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes). Notwithstanding the previous sentence, the parties may mutually agree on a mediator and/or procedures and/or venue for mediation. The mediation provided for under this Section 17.5(a) shall be commenced by the party requesting mediation (the "complainant") providing written notice of the request for mediation (the "request") to the party with whom mediation is sought (the "respondent"). The request shall specify with reasonable particularity the matter or matters on which non-binding mediation is sought. A copy of the request shall be given by the complainant simultaneously to us if we are not a complainant or respondent. Mediation commenced under this Section shall be concluded within sixty (60) days of the issuance of the request or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Complainant and respondent shall each bear its own costs of mediation, and each shall bear one-half the cost of the mediator or mediation service. The mediator selected shall have at least ten (10) years' experience in franchise matters.

(b) You acknowledge that you have and will continue to develop a substantial and continuing relationship with us at our principal offices in the State of California, where our decision-making authority is vested, franchise operations are conducted and supervised, and where Agreement was rendered binding. Therefore, the parties agree that, subject to the exception below, to the extent that any disputes cannot be resolved directly between you and us, and following compliance with the applicable mediation requirements set forth in Section 17.5(a) above, any action arising out of or relating to this Agreement or the making, performance, or interpretation thereof shall upon thirty (30) days written notice by either party be resolved, upon application by any such party by binding arbitration in Orange County, California, in accordance with the Federal Arbitration Act under the Commercial Arbitration Rules then prevailing of the American Arbitration Association, including without limitation the Optional Rules for Emergency Measures of Protection ("AAA"), and not under any state arbitration laws, and judgment on the arbitration award may be entered in any court of competent jurisdiction. You and we agree that arbitration shall be conducted on an individual - not a class-wide basis. Any award by the arbitrator(s) shall be final, binding and non-appealable. The matter shall be heard by one (1) arbitrator mutually selected by the parties who shall have at least ten (10) years' experience in practicing franchise law during which franchise law is or has been their primary area of practice and shall have substantial experience in the preparation of franchise agreements and franchise disclosure documents. You understand that by agreeing to arbitrate you give up jury and appeal and other rights you might have in court.

(c) Notwithstanding Section 17.5(a) and (b) and anything else in the Agreement to the contrary, nothing in this Agreement bars our right to seek and obtain specific performance of the provisions of this Agreement and injunctive relief against actual or threatened conduct that that (i) could materially damage the goodwill associated with the System, the Marks, and the Chain (including but not limited to conduct related to trademark or other intellectual property infringement), (ii) that involves the disclosure or use of our Confidential Information, or (iii) that relates to your, the owners', the guarantors', or a managerial employee's covenants against unfair competition and solicitation. You agree that we may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). If you counter, as you may, by initiating arbitration, we agree to arbitrate the entire dispute thereafter except preliminary injunctive relief (and permanent injunctive relief also, if you will not agree that the preliminary injunction shall remain effective indefinitely until the arbitrator shall dissolve it), leaving the court action pending, if it chooses, to facilitate enforcement.

17.6 Governing Law and Venue. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement and any claim or controversy arising out of or relating to rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed under the laws for the State of California and any dispute between the parties shall be governed by and determined in accordance with the substantive law of the State of California, which laws shall prevail in the event of any conflict of law. The venue for any arbitration concerned with the enforcement and interpretation of this Agreement shall be Orange County, California. Nothing in this Section 17.6 is intended, or shall be deemed, to make any California law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable. Any and all claims and actions arising out of or relating to this agreement, the relationship of you and us, or your operation of the Clinic, brought by you or

your owners against us, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

17.7 Waiver of Certain Damages, Jury Trial, and Class Action Rights.

EXCEPT FOR (I) THE FRANCHISEE INDEMNIFYING PARTIES' OBLIGATIONS TO INDEMNIFY THE FRANCHISOR INDEMNIFIED PARTIES UNDER THIS AGREEMENT, OR (II) CLAIMS WE BRING AGAINST YOU FOR YOUR OR ANY OWNER'S UNAUTHORIZED USE OF THE MARKS, UNAUTHORIZED USE OF DISCLOSURE OF CONFIDENTIAL INFORMATION, OR BREACH OF YOUR OR AN OWNER'S NON-COMPETITION AND NON-SOLICITATION COVENANTS, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, CONSEQUENTIAL, MULTIPLE, INCIDENTAL, OR EXEMPLARY DAMAGES AGAINST THE OTHER IN EXCESS OF ECONOMIC DAMAGES ACTUALLY SUSTAINED AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US.

NEITHER YOU NOR WE SHALL SEEK TO LITIGATE AGAINST THE OTHER PARTY TO THIS AGREEMENT OR SUCH PARTY'S AFFILIATES, EITHER AS A REPRESENTATIVE OF, OR ON BEHALF OF, ANY OTHER PERSON, CLASS, OR ENTITY ANY DISPUTE, CONTROVERSY, OR CLAIM OF ANY KIND ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES, THE SALE OF THE FRANCHISE, OR OTHER CLAIMS OR CAUSES OF ACTION RELATING TO THE PERFORMANCE OF EITHER PARTY TO THIS AGREEMENT. NO LITIGATION, ARBITRATION OR OTHER ACTION OR PROCEEDING UNDER THIS AGREEMENT SHALL ADD AS A PARTY, BY CONSOLIDATION, JOINDER, OR IN ANY OTHER MANNER, ANY PERSON OR PARTY OTHER THAN YOU AND US AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, YOU OR US, UNLESS BOTH YOU AND US CONSENT IN WRITING. WE HAVE THE ABSOLUTE RIGHT TO REFUSE SUCH CONSENT. YOU AGREE AND ACKNOWLEDGE THAT ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES, OR ANY AGREEMENT OR RELATIONSHIP BETWEEN YOU AND ANY OF OUR AFFILIATES WILL BE CONSIDERED UNIQUE ON ITS FACTS AND SHALL NOT BE BROUGHT AS A CLASS OR GROUP ACTION. YOU AND YOUR OWNERS AGREE THAT YOUR AND THEIR SOLE RECOURSE FOR CLAIMS ARISING BETWEEN THE PARTIES SHALL BE AGAINST US OR OUR SUCCESSORS AND ASSIGNS. YOU AND YOUR OWNERS AGREE THAT OUR MEMBERS, MANAGERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, AND AFFILIATE(S) SHALL NOT BE PERSONALLY LIABLE NOR NAMED AS A PARTY IN ANY ACTION BETWEEN US OR OUR AFFILIATE(S) AND YOU OR YOUR OWNERS. WE, YOU AND YOUR OWNERS FURTHER AGREE THAT, IN CONNECTION WITH ANY SUCH PROCEEDING, EACH MUST SUBMIT OR FILE ANY CLAIM WHICH WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM (AS DEFINED BY RULE 13 OF THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES. ANY SUCH CLAIM WHICH IS NOT SUBMITTED OR FILED AS DESCRIBED ABOVE, WILL BE FOREVER BARRED. THE PARTIES AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, BASIS, AND THAT A PROCEEDING BETWEEN US AND YOU OR YOUR OWNERS MAY NOT BE CONSOLIDATED WITH ANOTHER PROCEEDING BETWEEN US AND ANY OTHER PERSON OR ENTITY, NOR MAY ANY CLAIMS OF ANOTHER PARTY OR PARTIES BE JOINED WITH ANY CLAIMS ASSERTED IN ANY ACTION OR PROCEEDING BETWEEN US AND YOU. NO PREVIOUS COURSE OF DEALING SHALL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT.

17.8 Binding Effect. This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly authorized officers. This Agreement shall not take effect until its acceptance and execution by our authorized officer. We shall have the right to delegate our duties under this Agreement to any affiliate or non-affiliated entity agent, or employee and you agree to such assignment without any right to approve such actions.

17.9 Our Discretion and Judgment. Whenever we have expressly reserved in this Agreement a right and/or discretion (or we are deemed to have a right and/or discretion) to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, which includes what we believe to be the best interests of the franchise network at the time our decision is made or our right or discretion is exercised even though (1) there may have been other alternative decisions or actions that could have been taken; (2) our decision or the action taken promotes our financial or other individual interest; or (3) our decision or the action we take may apply differently to different franchisees or our company-owned or affiliate-owned operations. You acknowledge that this Agreement grants us the discretion to make decisions, take actions, and refrain from taking actions not inconsistent with our explicit rights and obligations. The exercise of such discretion may favorably or adversely affect your interests. We shall have no liability to you for the exercise of our discretion so long as our discretion is not exercised in bad faith towards you and in absence of such bad faith, no trier of fact in any legal action shall substitute its judgment of ours so exercised. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. No covenant of good faith and fair dealing shall be implied into this Agreement; but if applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

18. NOTICES

Except as otherwise provided in this Agreement, all notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be given (i) by personal delivery, (ii) by registered or certified mail, return receipt requested, postage prepared, or (iii) by delivery to a nationally recognized overnight courier service, in each case, addressed as follows:

If intended for us, addressed to:

THE ARRAY GROUP, LLC
2990 S. Sepulveda, Suite 208,
Los Angeles, CA 90064

If intended for you, addressed to:

The notice address set forth in Attachment 1, or,

If you have your Clinic, the address of the accepted Premises of the Clinic, or
in either case, to such other address as may have been designated by notice to the other party.

Notice shall be deemed given and effective upon the first to occur of receipt, when proper delivery is refused, or two (2) calendar days after deposit in registered or certified U.S. Mail or with a nationally recognized overnight courier, as described above. Any notice that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery.

19. ACKNOWLEDGMENTS

YOU ACKNOWLEDGE THAT WE HAVE PROVIDED YOU WITH A FRANCHISE DISCLOSURE DOCUMENT NOT LATER THAN FOURTEEN (14) DAYS BEFORE THE EXECUTION OF THIS FRANCHISE AGREEMENT, OR FOURTEEN (14) DAYS BEFORE ANY PAYMENT OF ANY CONSIDERATION, UNLESS STATE LAW REQUIRES A DIFFERENT PERIOD. YOU FURTHER ACKNOWLEDGE THAT YOU HAVE READ SUCH FRANCHISE DISCLOSURE DOCUMENT AND UNDERSTAND ITS CONTENTS. IF REQUIRED BY STATE LAW, WE PROVIDED YOU WITH A FRANCHISE DISCLOSURE DOCUMENT AT THE FIRST PERSONAL MEETING HELD TO DISCUSS THE SALE OF AN ARRAY SKIN THERAPY FRANCHISE.

YOU ACKNOWLEDGE THAT YOU HAVE HAD AN OPPORTUNITY TO REVIEW THIS FRANCHISE AGREEMENT, AS WELL AS THE FRANCHISE DISCLOSURE DOCUMENT, AND THAT YOU HAVE CONSULTED WITH AN ATTORNEY OR OTHER PROFESSIONAL ADVISOR.

YOU ACKNOWLEDGE THAT IT IS A REQUIREMENT THAT YOU RETAIN INDEPENDENT HEALTH CARE COUNSEL TO ASSIST YOU IN COMPLYING WITH ALL APPLICABLE FEDERAL AND STATE LAWS BEARING ON THE STRUCTURING, ESTABLISHMENT AND OPERATION OF THE BUSINESS LICENSED BY THIS FRANCHISE AGREEMENT. THIS FRANCHISE AGREEMENT, SPECIFICALLY INCLUDING, BUT NOT LIMITED TO, THE STARK LAW (42 U.S.C. § 1395nn) AND ITS EXCEPTIONS, THE FEDERAL ANTI-KICKBACK STATUTE (42 U.S.C. § 1320a-7b(b)) AND ITS SAFE HARBORS, THE FEDERAL FOOD, DRUG, AND COSMETIC ACT, 21 U.S.C. § 301 ET. SEQ., AND THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996, AS AMENDED.

YOU ALSO CONFIRM YOUR UNDERSTANDING THAT THE SUCCESS OF THE BUSINESS LICENSED BY THIS FRANCHISE AGREEMENT IS SPECULATIVE AND DEPENDS TO A LARGE EXTENT ON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON AS WELL AS OTHER FACTORS. YOU ALSO RECOGNIZE AND ACKNOWLEDGE THAT YOU MAY INCUR EXPENSES OR OBLIGATIONS WHICH THIS FRANCHISE AGREEMENT MAY NOT ADDRESS.

YOU ACKNOWLEDGE AND AGREE THAT YOU HAVE NOT RECEIVED ANY REPRESENTATION, WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF AN ARRAY SKIN THERAPY CLINIC. IN FACT, YOU ACKNOWLEDGE THAT YOU HAVE ENTERED INTO THIS FRANCHISE AGREEMENT AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE BUSINESS AND OF US.

YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE OF OUR FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT(S), AND CONSEQUENTLY THAT OUR

OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

YOU AGREE AND ACKNOWLEDGE THAT WE ARE NOT OBLIGATED TO PROVIDE ANY TRAINING OR ASSISTANCE TO YOUR LEVEL OF SATISFACTION, BUT AS A FUNCTION OF OUR EXPERIENCE, KNOWLEDGE, AND JUDGMENT. YOU ALSO ACKNOWLEDGE THAT WE ARE NOT OBLIGATED TO PROVIDE ANY SERVICES THAT ARE NOT SET FORTH IN THIS AGREEMENT. IF YOU BELIEVE WE HAVE FAILED TO ADEQUATELY PROVIDE ANY PREOPENING OR POST-OPENING SERVICES TO YOU, YOU MUST NOTIFY US IN WRITING WITHIN THIRTY (30) DAYS FOLLOWING THE OPENING OF THE CLINIC OR YOU WILL BE DEEMED TO CONCLUSIVELY ACKNOWLEDGE THAT ALL PRE-OPENING AND OPENING SERVICES REQUIRED TO BE PROVIDED BY US WERE SUFFICIENT AND SATISFACTORY IN YOUR JUDGMENT AND COMPLIED WITH ALL REPRESENTATIONS MADE TO YOU. IF YOU FAIL TO NOTIFY US, YOU WILL BE DEEMED TO HAVE WAIVED ALL CLAIMS RELATING TO OR ARISING FROM OUR OBLIGATIONS TO PROVIDE PREOPENING ASSISTANCE.

WE AND OUR AFFILIATES MAKE NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES OR OTHER ITEMS WE APPROVE AND WE EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION AND ANY REQUIRED TECHNOLOGY), SUPPLIES, OR OTHER APPROVED ITEMS.

YOU RECOGNIZE THAT THE SYSTEM AND THE SYSTEM STANDARDS MAY EVOLVE AND CHANGE OVER TIME.

YOU COVENANT THAT DURING THE TERM YOU WILL AT ALL TIMES FAITHFULLY, HONESTLY, AND DILIGENTLY PERFORM YOUR OBLIGATIONS UNDER THIS AGREEMENT AND CONTINUOUS EXERT YOUR BEST EFFORTS TO PROMOTE AND ENHANCE THE BUSINESS OF THE CLINIC.

20. MISCELLANEOUS

This Agreement, the documents incorporated herein by reference and the attachments attached hereto, comprise the entire agreement between the parties and all prior understands or agreements concerning the subject matter hereof are canceled and superseded by this Agreement. This Agreement may not be amended orally but may be amended only by a written instrument signed by the parties. You expressly acknowledge that no oral promises or declarations were made to you and that the obligations of us are confined exclusively to those set forth in this Agreement. You understand and assume the business risks inherent in this enterprise. Notwithstanding the foregoing, nothing in this Agreement or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document.

If you or one of your owners has a change in marital status, you shall promptly inform us of that change and you agree that any new spouse will sign our Guaranty and Assumption of Obligations and agree jointly and severally guaranty your obligations under the Franchise Agreement. These individuals must also sign our form of Confidentiality, Non-Solicitation, and Non-Competition agreements.

The preambles, background, exhibits, and Manual are a part of this Agreement, and this Agreement and the exhibits and attachments hereto, constitute the entire, full and complete agreement between the parties hereto, and supersede any and all prior or contemporaneous negotiations, discussions, understandings and agreements. There are no other oral or written understandings or agreements between us and you, or oral representations by us, or written representations by us (other than those set forth in our Franchise Disclosure Document that we provided to you), relating to the subject matter of this Agreement, the franchise relationship, or the Clinic. Any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement. However, and notwithstanding the foregoing, nothing in this Agreement or in any related agreement is intended to disclaim any representations made by us in the Franchise Disclosure Document that we furnished to you.

Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval.

The headings of the sections and paragraphs are for convenience only and do not define, limit, or constrict the contents of these sections or paragraphs. References in this Agreement to “we,” “us,” and “our,” with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliate(s) with whom you deal. The term “affiliate” means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. “Control” means the power to direct or cause the direction of management and policies. “Person” means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, as the case may require.

If two (2) or more persons are at any time the owners of the Franchise and the Clinic, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to “owner” mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and the Clinic or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise, or the Clinic and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

This Agreement shall be binding upon the heirs, successors, permitted assigns and legal representatives of the parties.

You agree and acknowledge that time is of the essence with regarding to your obligations hereunder and that all of your obligations are material to us and this Agreement.

You acknowledge that this Agreement shall not take effect until its acceptance and execution by our authorized officer.

This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same Agreement. This Agreement may, but is not required to, be executed using electronic signatures. Electronic signatures shall be treated for all purposes as originals.

[Signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly signed as of the day and year first above written.

FRANCHISOR:

THE ARRAY GROUP, LLC

By: _____

Print Name and Title

FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR ACCEPTED PREMISES IN OHIO: You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

FRANCHISEE

Name of Entity

By: _____

Print Name and Title

**[FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR
ACCEPTED PREMISES IN OHIO]**

Notice of cancellation

(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver by hand or overnight courier service, a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to THE ARRAY GROUP, LLC, 2990 S. Sepulveda, Suite 208, Los Angeles, CA 90064, 213-669-5151, not later than midnight of _____.

I hereby cancel this transaction.

(Purchaser's Signature)

(Date) _____

**[FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR
ACCEPTED PREMISES IN OHIO]**

Notice of cancellation

(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver by hand or overnight courier service, a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to THE ARRAY GROUP, LLC, 2990 S. Sepulveda, Suite 208, Los Angeles, CA 90064, 213-669-5151, not later than midnight of _____.

I hereby cancel this transaction.

(Purchaser's Signature)

(Date) _____

Attachment 1
TERRITORY AND FEES

1. The Premises of the Clinic will be located at:

2. The Territory shall be:

3. The Initial Term of this Franchise Agreement will expire Ten (10) years after the Effective Date; see Section 1.1.)

4. The initial franchise fee shall be: Fifty Five Thousand Dollars (\$55,000).

5. The monthly Royalty Fee and Brand Fund contributions shall the amounts set forth below:

Royalty Fee	Brand Fund Contribution
• Year 1: \$2,000 per month • Year 2: \$3,000 per month • Year 3: \$3,500 per month • Year 4: \$4,500 per month • Year 5 and thereafter: \$5,000 per month	• Year 1: \$170 per month • Year 2: \$235 per month • Year 3: \$270 per month • Year 4: \$380 per month • Year 5 and thereafter: \$500 per month

For purposes of this Attachment, Year 1 refers to the period commencing on the first date the Clinic is open to the public and concluding one (1) year later. Each year thereafter commences on the anniversary of the date the Clinic opened to the public.

6. The designated address for notices for the Franchisee under Section 18 of the Agreement shall be as follows:

Telephone: _____

Attn: _____

Attachment 2

SITE SELECTION ADDENDUM

THE ARRAY GROUP, LLC (“we” or “us”) and (“you”) have this day of _____ (the “Effective Date”) entered into an ARRAY SKIN THERAPY Franchise Agreement (“Franchise Agreement”) and desire to supplement its terms as set out below in this Site Selection Addendum (the “Addendum”). The parties hereto agree as follows:

AGREEMENT

1. TIME TO LOCATE SITE

You must submit to us for acceptance as hereinafter provided, a commercial real estate site that is properly zoned for the use of the business to be conducted by you under the Franchise Agreement (a “Clinic”). Such site must be within the following area: _____ (the “Site Selection Area”). The Site Selection Area is described solely for the purpose of selecting a site for the Clinic. The Site Selection Area does grant you any exclusive territorial rights, and we may establish, or franchise others to establish, an ARRAY SKIN THERAPY Clinic operating under the System within the Site Selection Area during the search period. You acknowledge and agree that we will have no responsibility for, or liability to you for, any site review, analysis, evaluation, or recommendation undertaken by or on behalf of any real estate broker or advisor used or retained by you, even if such broker or advisor was approved or recommended by us. If you fail to acquire or lease a site for the Clinic within three (3) months, such failure will constitute a default under Section 14.3 of the Franchise Agreement and under this Addendum, and we may have the right to terminate the Franchise Agreement and this Addendum pursuant to the terms of Section 14.3 of the Franchise Agreement.

2. SITE EVALUATION SERVICES

We or our designee will assist you in your location selection process by providing you with our location guidelines and criteria. We will provide you with certain recommended or required specifications for your location. We or our designee will perform any on-site evaluation as we may deem advisable in response to your requests for site acceptance; provided, however, that we are not required to provide on-site evaluation for any proposed site.

3. SITE SELECTION PACKAGE SUBMISSION AND ACCEPTANCE

You must submit to us, in the form we specify, a site selection package which must include a copy of the site plan, financial information, and such other information or materials as we may reasonably require, together with an option contract, letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. You acknowledge that time is of the essence. We will have fifteen (15) days after our receipt from you of a complete site selection package and request for acceptance, and such information and materials as we may request, to accept or reject, the proposed site as the location for the Clinic. In the event we do not reject a proposed site by written notice to you within said fifteen (15) days, such site will be deemed rejected by us.

4. LEASE RESPONSIBILITIES

You must sign a lease which must be coterminous with the Franchise Agreement, or a binding agreement to purchase the site within thirty (30) days from the date that we issue acceptance of your site.

5. ACCEPTED LOCATION

After the location for the Clinic is accepted by us pursuant to the Section 3 hereof and leased or acquired by you pursuant to Section 4 hereof, the location shall constitute the Premises described in Section 1.1 of the Franchise Agreement. The Premises will be specified on Attachment 1 to the Franchise Agreement and shall become a part the Franchise Agreement. The Territory, as defined under Section 1.1 of the Franchise Agreement, will be the geographic area thereafter described in Attachment 1 to the Franchise Agreement, and will become a part of the Franchise Agreement. You acknowledge and agree that, if we recommend or give you information regarding the Territory, or a site for the Premises, and if we accept a location, our advice, action, or information is not a representation or warranty of any kind, express or implied, of the location's suitability for an ARRAY SKIN THERAPY Clinic, or any other purpose. Our recommendation indicates only that we believe that the location meets our then-acceptable criteria. Applying criteria that have appeared effective with other locations and premises might not accurately reflect the potential for all locations and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a location and premises. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a location and premises we recommend or accept fail to meet your expectations. You acknowledge and agree that your acceptance of the Franchise is based on your own independent investigation of the Territory and the location. You acknowledge and agree that our location selection assistance is primarily for our benefit and not for your benefit.

6. ENTIRE AGREEMENT

This Addendum will be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof. All capitalized terms not otherwise defined herein will have the same meaning as set forth in the Franchise Agreement. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

[Signatures on the following page]

IN WITNESS WHEREOF, each party hereto has caused its duly authorized representative to duly sign and deliver this Addendum on the date first above written.

THE ARRAY GROUP, LLC

[Franchisee]

By: _____

By: _____

Print Name and Title

Print Name and Title

Attachment 3
LISTING OF OWNERSHIP INTERESTS

Effective Date: This Attachment 3 is current and complete as of _____

1. ENTITY (CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP)

Registered Name: _____

You were incorporated, organized or formed on _____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name and _____. The following is a list of your directors or managers, if applicable, and officers as of the effective date shown above:

<u>Name of Each Director/Manager/Officer</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. OWNERS

The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners (if an Entity), and fully describes the nature of each owner's interest (attach additional pages if necessary).

<u>Owner's Name</u>	<u>Percentage/Description of Interest</u>
_____	_____
_____	_____
_____	_____
_____	_____

3. IDENTIFICATION OF OPERATING OWNER

Your Operating Owner as of the Effective Date (must be one of the individuals listed in paragraph 2):

Name of Operating Owner: _____

You may not change the Operating Owner without our prior written approval.

[Signatures on the following page]

THE ARRAY GROUP

FRANCHISEE

[]

By: _____

By: _____

Print Name and Title

Print Name and Title

Attachment 4A
NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompetition Agreement ("Agreement") is made and entered into as of _____ by and between THE ARRAY GROUP, LLC, ("Franchisor"), and _____ ("Associate"), who resides at _____. All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

RECITALS

A. The Franchisor is engaged in the business of selling franchises for the management of a medical dermatology clinic specializing in the treatment of various autoimmune skin conditions through various independent medical providers and professionally licensed persons or entities, providing medical phototherapy services ("Clinic"). The Clinics are operated under the Franchisor's trademark "ARRAY SKIN THERAPY" and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the "Marks");

B. The Franchisor has developed methods for establishing, operating and promoting Clinics pursuant to the Franchisor's Confidential Information (defined below) and such Confidential Information as may be further developed from time to time by the Franchisor ("System");

C. The Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of services, which goodwill and reputation have been and will continue to be of major benefit to the Franchisor;

D. Associate desires to become involved with _____ ("Franchisee"), a franchisee of the Franchisor that operates a Clinic in _____ in the capacity of an owner, officer, partner, director, or agent of the Clinic, or is a spouse or domestic partner of an owner of a Clinic, and will become privileged as to certain Confidential Information. Associate may or may not have signed the Franchise Agreement or personal guaranty; and

E. Associate and the Franchisor have reached an understanding with regard to nondisclosure of Confidential Information and noncompetition by Associate with the Franchisor and other franchisees of the Franchisor. Associate agrees to the terms of this Agreement as partial consideration for the Franchisor's willingness to allow Associate to engage in a business relationship with Franchisor or Franchisee using the Franchisor's Confidential Information.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Franchisor, intending legally to be bound, agree as follows:

1. Definitions.

(a) "Associate" shall mean the individual described in the first paragraph of this Agreement.

(b) "Competitive Business" as used in this Agreement means, other than an ARRAY SKIN THERAPY business that Franchisee is authorized by Franchisor to operate, any (i) clinic, practice, or business, that provides (1) medical phototherapy services, (2) medical dermatology services, (3) management services for a medical phototherapy clinic or medical dermatology clinic, or (4) any other product or service or management services that are similar to the services and products authorized to be offered, sold or provided under the Marks and the System by the Clinic; or (ii) any business granting franchises or licenses to others to operate the type of business specified in subparagraph (i).

(c) "Confidential Information" shall include, means the information, not generally known to the public, in any form, relating to the Clinic and its operations, including all trade secrets of the Clinic; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Clinic not generally known to the public; all records pertaining to clients, suppliers, and other service providers of, and/or related in any way to, the Clinic (such as all names, addresses, phone numbers, e-mail addresses for clients and suppliers; client purchase records and mail lists); product formulas; electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that the Franchisor or its affiliates designates as confidential, including all information contained in the Manuals.

(d) "Franchise Agreement" shall mean the franchise agreement between Franchisor and Franchisee dated _____ as amended or renewed from time to time.

(e) "Premises" shall mean the accepted location of Franchisee's Clinic.

(f) "Restricted Territory" shall mean:

(i) an area which combined includes (a) the Territory as of the first date of the Restrictive Period, including the Premises, (b) the territories in which Franchisor, Franchisor's affiliates, or Franchisor's other franchisees operate any ARRAY SKIN THERAPY business as of the first date of the Restrictive Period, and (c) any area which is within fifteen (15) miles of the boundaries of any of those territories; or

(ii) Only in the event the foregoing is determined by a court of law to be too broad, an area which combined includes (a) the Territory as of the first date of the Restrictive Period, including the Premises, and (b) any area which is within fifteen (15) miles of the boundaries of the Territory; or

(iii) Only in the event the foregoing is determined by a court of law to be too broad, the Territory as of the first date of the Restrictive Period, including the Premises; or

(iv) Only in the event the foregoing is determined by a court of law to be too broad, the Premises.

(g) "Restrictive Period" shall mean a period of two (2) years that begins the earlier of (i) the date of termination, expiration, or non-renewal of the Franchise Agreement, regardless of the reason for such termination, expiration, or non-renewal, or (ii) the date Associate's

association with Franchisee or the Clinic ends for any reason, including but not limited to, divorce, separation, sale, termination, or transfer.

(h) "Term" shall have the meaning defined in the Franchise Agreement.

(i) "Territory" shall have the meaning defined in the Franchise Agreement.

2. Confidential Information. Associate and the Franchisor acknowledge that the Confidential Information that is developed and utilized in connection with the operation of the Franchised Business is unique and the exclusive property of the Franchisor or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Franchisor or its affiliates. Associate further acknowledges that the Franchisor or its affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information, that the Franchisor or its affiliates have taken numerous precautions to guard the secrecy of the Confidential Information, and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

3. Nondisclosure of Confidential Information. During the Term and any renewal Term of the Franchise Agreement and for all periods after the Term and any renewal Term of the Franchise Agreement, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Franchisor or the Franchised Business, any of the Confidential Information of the Franchisor or its affiliates.

4. Exceptions to Disclosing Confidential Information. Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information that was in the public domain prior to being communicated to Associate through no fault of Associate; (b) information that entered the public domain after it was Communicated to Associate through no fault of Associate; (c) information that was in Associate's possession free of any obligation of confidence at the time it was communicated to Associate; or (d) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Associate is legally compelled to disclose the information, if Associate has notified the Franchisor before disclosure and used Associate's best efforts, and afforded the Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to the Franchisor of confidential treatment for the information required to be so disclosed.

5. In-Term Covenant Against Unfair Competition. During the Term, Associate will not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(i) own, manage engage in, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for, any Competitive Business; or

(ii) offer or grant franchises or licenses for any Competitive Business; or

(iii) become a franchisee or licensee of any Competitive Business; or

(iv) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

6. Post-Termination Covenant Against Unfair Competition. Associate covenants and agrees that for the Restrictive Period Associate shall not, within the Restricted Territory, engage in any of the following:

(i) own, maintain, operate, engage in, franchise or license, advise, make loans to, or have any controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or be or perform services as a partner, director, manager, managerial employee, consultant, or sales person for any Competitive Business; provided, however that equity ownership of less than Five Percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subsection.

(ii) engage in any Competitive Business as an officer, director, employee, consultant, or independent contractor in any capacity in which Associate would be in a position to use or disclose Confidential Information.

7. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Franchisor may be entitled. Associate agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling Five Hundred Dollars (\$500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

8. Reasonableness of Restrictions. Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and Trade Secrets and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Associate or Franchisee or enter into this Agreement or the Franchise Agreement without receiving Associate's unrestricted promise to preserve the confidentiality of the Confidential Information and Trade Secrets. In any litigation or arbitration concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of the Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Franchisor will entitle or permit Associate to disclose any such Confidential Information or Trade Secrets in any circumstances.

9. Effect of Waiver. The waiver by Franchisor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and the Franchisor and their respective heirs, executors, representatives, successors and assigns.

11. Entire Agreement. This instrument contains the entire agreement of Associate and the Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

12. Governing Law; Jurisdiction and Venue. The laws of California (without giving effect to its conflicts of law principles) govern all matters arising under and relating to this Agreement, including torts. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of California, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of California. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of California. Notwithstanding the foregoing, in the event that the laws of the state where Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

13. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

14. Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation or arbitration, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

15 Miscellaneous. Due to the importance of this Agreement to Franchisor, any claim Associate has against Franchisor is a separate matter and does not entitle Associate to violate, or justify any violation of, this Agreement. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, or as otherwise defined herein.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

ASSOCIATE:

THE ARRAY GROUP, LLC

[Print Name]

[Signature]

By: _____
Name: _____
Title: _____
Date: _____

Attachment 4B
NON-SOLICITATION AND NONDISCLOSURE AGREEMENT

This Non-Solicitation and Nondisclosure Agreement ("Agreement") is made and entered into as of _____ by and between THE ARRAY GROUP, LLC, ("Franchisor"), and _____ ("Associate"), who resides at _____. All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

RECITALS

A. The Franchisor is engaged in the business of selling franchises for the management of a medical dermatology clinic specializing in the treatment of various autoimmune skin conditions through various independent medical providers and professionally licensed persons or entities, providing medical phototherapy services ("Clinic"). The Clinics are operated under the Franchisor's trademark "ARRAY SKIN THERAPY" and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the "Marks");

B. The Franchisor has developed methods for establishing, operating and promoting Clinics pursuant to the Franchisor's Confidential Information (defined below) and such Confidential Information as may be further developed from time to time by the Franchisor ("System");

C. The Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of services, which goodwill and reputation have been and will continue to be of major benefit to the Franchisor;

D. Associate desires to become involved with _____ ("Franchisee"), a franchisee of the Franchisor that operates a Clinic in _____ in the capacity of an owner, officer, partner, director, or agent of the Clinic, or is a spouse or domestic partner of an owner of a Clinic, and will become privileged as to certain Confidential Information. Associate may or may not have signed the Franchise Agreement or personal guaranty; and

E. Associate and the Franchisor have reached an understanding with regard to respect to nondisclosure by Associate of Confidential Information and with respect to the solicitation of clients, vendors, and employees by Associate. Associate agrees to the terms of this Agreement as partial consideration for the Franchisor's willingness to allow Associate to engage in a business relationship with Franchisor or Franchisee using the Franchisor's Confidential Information.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Franchisor, intending legally to be bound, agree as follows:

1. Definitions.

(a) "Associate" shall mean the individual described in the first paragraph of this Agreement.

(b) "Competitive Business" as used in this Agreement means, other than an ARRAY SKIN THERAPY business that Franchisee is authorized by Franchisor to operate, any (i) clinic,

practice, or business, that provides (1) medical phototherapy services, (2) medical dermatology services, (3) management services for a medical phototherapy clinic or medical dermatology clinic, or (4) any other product or service or management services that are similar to the services and products authorized to be offered, sold or provided under the Marks and the System by the Clinic; or (ii) any business granting franchises or licenses to others to operate the type of business specified in subparagraph (i).

(c) "Confidential Information" shall include, means the information, not generally known to the public, in any form, relating to the Clinic and its operations, including all trade secrets of the Clinic; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Clinic not generally known to the public; all records pertaining to clients, suppliers, and other service providers of, and/or related in any way to, the Clinic (such as all names, addresses, phone numbers, e-mail addresses for clients and suppliers; client purchase records and mail lists); product formulas; electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that the Franchisor or its affiliates designates as confidential, including all information contained in the Manuals.

(d) "Franchise Agreement" shall mean the franchise agreement between Franchisor and Franchisee dated _____ as amended or renewed from time to time.

(e) "Premises" shall mean the accepted location of Franchisee's Clinic.

(f) "Restricted Territory" shall mean:

(i) an area which combined includes (a) the Territory as of the first date of the Restrictive Period, including the Premises, (b) the territories in which Franchisor, Franchisor's affiliates, or Franchisor's other franchisees operate any ARRAY SKIN THERAPY business as of the first date of the Restrictive Period, and (c) any area which is within fifteen (15) miles of the boundaries of any of those territories; or

(ii) Only in the event the foregoing is determined by a court of law to be too broad, an area which combined includes (a) the Territory as of the first date of the Restrictive Period, including the Premises, and (b) any area which is within fifteen (15) miles of the boundaries of the Territory; or

(iii) Only in the event the foregoing is determined by a court of law to be too broad, the Territory as of the first date of the Restrictive Period, including the Premises; or

(iv) Only in the event the foregoing is determined by a court of law to be too broad, the Premises.

(g) "Restrictive Period" shall mean a period of two (2) years that begins the earlier of (i) the date of termination, expiration, or non-renewal of the Franchise Agreement, regardless of the reason for such termination, expiration, or non-renewal, or (ii) the date Associate's association with Franchisee or the Clinic ends for any reason, including but not limited to, divorce, separation, sale, termination, or transfer.

- (h) "Term" shall have the meaning defined in the Franchise Agreement.
- (i) "Territory" shall have the meaning defined in the Franchise Agreement.

2. Confidential Information. Associate and the Franchisor acknowledge that the Confidential Information that is developed and utilized in connection with the operation of the Franchised Business is unique and the exclusive property of the Franchisor or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Franchisor or its affiliates. Associate further acknowledges that the Franchisor or its affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information, that the Franchisor or its affiliates have taken numerous precautions to guard the secrecy of the Confidential Information, and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

3. Nondisclosure of Confidential Information. During the Term and any renewal Term of the Franchise Agreement and for all periods after the Term and any renewal Term of the Franchise Agreement, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Franchisor or the Franchised Business, any of the Confidential Information of the Franchisor or its affiliates.

4. Exceptions to Disclosing Confidential Information. Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information that was in the public domain prior to being communicated to Associate through no fault of Associate; (b) information that entered the public domain after it was Communicated to Associate through no fault of Associate; (c) information that was in Associate's possession free of any obligation of confidence at the time it was communicated to Associate; or (d) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Associate is legally compelled to disclose the information, if Associate has notified the Franchisor before disclosure and used Associate's best efforts, and afforded the Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to the Franchisor of confidential treatment for the information required to be so disclosed.

5. Covenant Against Solicitation. During the Term, Associate will not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

- (i) solicit, divert or attempt to solicit or divert any person or party that is or has been a client of Franchised Business at any time during the term of this Agreement, to any Competitive Business, as Franchisee agrees that all goodwill associated with Franchisee's operation under the Marks and the System, and all client information associated therewith, inure to Franchisor; or

- (ii) solicit, divert, or attempt to solicit or divert, any vendor that does has done business with Franchisee to provide supplies, products, equipment, merchandise, or services to a Competitive Business.

6. Post-Termination Covenant Against Solicitation. Associate covenants and agrees that for the Restrictive Period Associate shall not, within the Restricted Territory, engage in any of the following:

(i) solicit, divert, or induce or attempt to solicit, divert, or induce for, or on behalf of, any Competitive Business any person or entity who was an employee of, independent contractor to, consultant to, or other service provider to the Franchised Business as of the first day of the Restrictive Period with whom Associate had a business relationship through Associate's association with Franchisee or who was an employee of, independent contractor to, consultant to, or other service provider to the Franchised Business within one (1) year prior to the Restrictive Period with whom Associate had a business relationship through Associate's association with Franchisee, to work for the Competitive Business; or

(ii) solicit, induce or attempt to solicit or induce any person or entity who is an employee of, independent contractor to, consultant to, or other service provider to the Franchised Business, Franchisee, Franchisor, Franchisor's affiliates, or Franchisor's other franchisees as of the first day of the Restrictive Period or within one (1) year of the Restrictive Period to terminate or alter in any way its, his, or her relationship with the Franchised Business, Franchisee, Franchisor, Franchisor's affiliates, or Franchisor's other franchisees as of the date of the Restrictive Period; or

(iii) solicit, divert, or induce or attempt to solicit, divert, or induce any persons who were employees of, independent contractors to, consultants to, or any other service provider to Franchisor, Franchisor's affiliates, or Franchisor's other franchisees as of the first day of the Restrictive Period or within one (1) year of the Restrictive Period for, or on behalf of, any Competitive Business to work for any Competitive Business; or

(iv) solicit, divert, or attempt to solicit or divert, any vendor that has done business with the Franchised Business within one (1) year of the Restrictive Period to provide supplies, products, equipment, merchandise, or services to a Competitive Business; or

(iv) solicit, divert or attempt to solicit or divert any person or party that has been a client of Franchised Business as of the first day of the Restrictive Period or within one (1) year of the Restrictive Period, to any Competitive Business.

7 Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Franchisor may be entitled. Associate agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling Five Hundred Dollars (\$500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

8. Reasonableness of Restrictions. Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and Trade Secrets and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Associate or Franchisee or enter into this Agreement or the Franchise Agreement without receiving Associate's unrestricted promise to preserve the confidentiality of the

Confidential Information and Trade Secrets. In any litigation or arbitration concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of the Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Franchisor will entitle or permit Associate to disclose any such Confidential Information or Trade Secrets in any circumstances.

9. Effect of Waiver. The waiver by Franchisor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and the Franchisor and their respective heirs, executors, representatives, successors and assigns.

11. Entire Agreement. This instrument contains the entire agreement of Associate and the Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

12. Governing Law; Jurisdiction and Venue. The laws of California (without giving effect to its conflicts of law principles) govern all matters arising under and relating to this Agreement, including torts. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of California, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of California. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of California. Notwithstanding the foregoing, in the event that the laws of the state where Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

13. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

14. Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation or arbitration, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

15. Miscellaneous. Due to the importance of this Agreement to Franchisor, any claim Associate has against Franchisor is a separate matter and does not entitle Associate to violate, or justify any violation of, this Agreement. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, or as otherwise defined herein.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

ASSOCIATE:

THE ARRAY GROUP, LLC

[Print Name]

[Signature]

By: _____
Name: _____
Title: _____
Date: _____

Attachment 5
TELEPHONE LISTING AND INTERNET AUTHORIZATION AGREEMENT

THIS AGREEMENT is entered into as of _____ by and between THE ARRAY GROUP, LLC and _____ (hereinafter referred to as "Franchisee").

RECITALS

A. Franchisor has developed a unique system for a medical dermatology clinic specializing in the treatment of various autoimmune skin conditions through various independent medical providers and professionally licensed persons or entities, providing medical phototherapy services ("System");

B. Franchisor and Franchisee have entered into a Franchise Agreement dated _____ ("Franchise Agreement"), pursuant to which Franchisee was granted the right to operate a ARRAY SKIN THERAPY franchised business ("Clinic") under the System; and

C. It is the desire of and in the best interests of Franchisor and the System that in the event the Franchise Agreement terminates, expires, or is not renewed, the telephone numbers (including any personal or other cellphone numbers used with the Clinic), telephone directory listings, internet addresses, and social media accounts used by Franchisee in connection with the operation of its ARRAY SKIN THERAPY franchised business are assigned to Franchisor.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and Franchisor agreeing to enter into the Franchise Agreement, Franchisor and Franchisee agree as follows:

1. Franchisee hereby agrees to assign to Franchisor: (i) those certain telephone numbers and regular, classified or other telephone directory listings used by Franchisee in connection with operating the ARRAY SKIN THERAPY franchised business, including any personal or other cellphone numbers used in connection with the franchised business, (ii) all e-mail addresses that use the Marks or that are used by Franchisee in connection with the operation of the Clinic, (iii) any Online Presence (as that term is defined in the Franchise Agreement) which uses the Marks, which Franchisee uses in connection with the operation of the Clinic, or which Franchisee has been permitted by Franchisor to create, and (iv) all rights, title, and interest in the content of any Online Presence, whether now-existing or adopted by Franchisee in the future (collectively, the "Listings").

2. This Assignment is for collateral purposes only and, except as specified herein, Franchisor will have no liability or obligation of any kind whatsoever arising from or in connection with Franchisee's use of the Listings unless and until Franchisor notifies the telephone company, listing agencies, internet service providers, or other parties that provide the Listings (collectively, the "Providers") to effectuate the assignment pursuant to the terms hereof.

3. Upon termination, expiration, or nonrenewal of the Franchise Agreement (without renewal or extension), Franchisor will have the right and is hereby empowered to effectuate the assignment of the Listings to itself or to any third party it designates. In the event Franchisor exercises its assignment rights Franchisee will have no further right, title or interest in the Listings; provided, however, Franchisee will pay all amounts owed in connection with the Listings, including all sums owed to Franchisor, Franchisor's affiliates, or Franchisor's approved suppliers under existing contracts for the Listings and immediately, at the Franchisor's request, (i) take any other

action as may be necessary to transfer the Listings to the Franchisor or Franchisor's designated agent, (ii) install and maintain, at Franchisee's sole expense, an intercept message, in a form and manner acceptable to Franchisor on any or all of the Listings; (iii) disconnect, cancel, delete, remove, or discontinue the Listings; (iv) relist any Listing in a different location or with a new provider, whether published or online; (v) modify the Listing and any content in the Listing; (vi) provide all login or other access credentials to the Listings; and/or (vi) cooperate with Franchisor or its designated agent in undertaking any or all of the foregoing.

4. Franchisee appoints Franchisor as Franchisee's attorney-in-fact, to act in Franchisee's place, for the purpose of assigning any Listings covered by the Assignment to Franchisor or Franchisor's designated agent or taking any other actions required of Franchisee under this Agreement. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of the forgoing powers, including full power of substitution and execution or completion of any documents required or requested by any Provider to transfer or modify such Listings, and Franchisee ratifies every act that Franchisor may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, termination, or nonrenewal of Franchisee's rights under the Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power is created to secure performance of a duty to Franchisor and is for consideration.

5. The parties agree that the Providers may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Listings upon such termination, expiration or nonrenewal of the Franchise Agreement and that such assignment shall be made automatically and effective immediately upon a Provider's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Providers require that the parties execute the Providers' assignment forms or other documentation at the time of termination, expiration or nonrenewal of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination, expiration, or non-renewal of the Franchise Agreement.

6. The validity, construction and performance of this Assignment is governed by the laws of the State in which Franchisor is located. All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All Franchisor's rights inure to Franchisor's benefit and to the benefit of Franchisor's successors and assigns.

FRANCHISEE:

THE ARRAY GROUP, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**Attachment 6
LEASE RIDER**

This Lease Rider is executed as of this date of _____, by and between _____ ("Tenant") and _____ ("Landlord") as a Rider to the lease dated _____ (as amended, renewed, and/or extended from time to time, the "Form Lease") for the Premises located at _____ ("Premises").

In the event of a conflict between the terms and conditions set forth within this Rider and the terms and conditions set forth in the Form Lease to which this Rider is attached, the terms and conditions set forth within this Rider shall govern and control.

1. Permitted Use. The Premises are leased to Tenant for the operation of a medical phototherapy clinic. Landlord covenants that from and after the date hereof, Landlord shall not permit any other tenant to operate a business or clinic in the same plaza or retail center as the Premises that provides dermatology or phototherapy services.

2. Signage. Notwithstanding anything contained within the Form Lease to the contrary, Tenant shall, subject to the requirements of local law, have the right to utilize its standard signage and other proprietary marks and identification on both the exterior and within the interior of the Premises as approved by THE ARRAY GROUP, LLC a California limited liability company and franchisor of the ARRAY SKIN THERAPY concept ("Franchisor").

3. Assignment and Subletting. Landlord's consent to an assignment of the Form Lease or subletting of the Premises shall not be required in connection with an assignment or subletting as a part of a merger, reorganization or sale of all or substantially all of Tenant's assets or business or an assignment or sublet to Franchisor, any parent, subsidiary or affiliated corporation of Tenant or Franchisor, or another ARRAY SKIN THERAPY franchisee. Landlord shall approve as an assignee or sublettee any tenant who has become a transferee of the Franchise Agreement by and between Tenant and Franchisor (the "Franchise Agreement") as a result of a merger, reorganization or sale of all or substantially all of Tenant's assets. Tenant shall also have the right, without the consent of Landlord, to assign the Form Lease to a company incorporated or to be incorporated by Tenant or a partnership formed or to be formed by Tenant, provided that Tenant owns or beneficially controls a majority of the issued and outstanding shares of capital stock of the company or is the managing general partner of the partnership.

4. Notices; Opportunity to Cure. Copies of any demand letters, default notices or other similar notices of non-compliance ("Notice") sent by Landlord to Tenant shall also be sent to Franchisor at the following address:

THE ARRAY GROUP, LLC
Attn: Kristen Miller
2990 S. Sepulveda, Suite 208
Los Angeles, CA 90064

In the event Tenant fails to cure or otherwise remedy the subject matter of the Notice, and prior to exercising any remedies under the Form Lease, Landlord shall grant Franchisor the identical period of time in which to cure same (said cure period to commence immediately upon Notice from Landlord to Franchisor (at the address set forth herein) that Tenant has failed to cure

in a timely manner) and Landlord agrees to accept the performance of Franchisor within said period of time as performance by Tenant pursuant to the terms of the Form Lease.

5. Option to Lease. Landlord hereby agrees that, in the event of (a) the termination, expiration, or non-renewal of the Franchise Agreement by and between Tenant and Franchisor; (b) the termination of the Form Lease for any cause whatsoever including, without limitation, a default by Tenant under the Form Lease after expiration of any applicable notice and cure periods; or (c) Tenant's failure to exercise any extension option contained in the Form Lease, Franchisor shall have the option to lease the Premises pursuant to the same terms and conditions as are contained in the Form Lease, in accordance with the following:

(a) Landlord agrees to promptly give Notice to Franchisor (at the address set forth herein) in the event the Form Lease is terminated as the result of a default by Tenant or in the event Tenant fails to exercise any remaining options to extend the term of the Form Lease;

(b) If Franchisor elects to lease the Premises, Franchisor shall notify Landlord in writing of its election to exercise this option to lease within thirty (30) days after (1) termination, expiration, or non-renewal of the Franchise Agreement; (2) Franchisor's receipt of Notice from Landlord that the Form Lease has been terminated; or (3) receipt of Notice from Landlord that Tenant has failed to exercise an option to extend the term of the Form Lease;

(c) If Franchisor elects to lease the Premises, Franchisor shall sign and deliver to Landlord a lease containing all of the same terms and conditions (including rental rates, terms and remaining options to extend the term of the Form Lease) as are contained in the Form Lease; provided, however, that Franchisor's leasehold interest shall not be subject to any defaults or claims that may exist between Landlord and Tenant and any such lease shall permit Franchisor to assign the lease or sublease the Premises to a franchisee of Franchisor for use as an ARRAY SKIN THERAPY franchised location; and

(d) Nothing contained herein shall affect Landlord's right to recover any and all amounts due under the Form Lease from Tenant or to exercise any right of Landlord against Tenant as provided under the Form Lease.

6. De-identification. Landlord and Tenant hereby acknowledge that in the event the Franchise Agreement expires or is terminated, Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the location as an ARRAY SKIN THERAPY franchise location operated by Tenant. Landlord agrees to cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement against Tenant, including allowing Franchisor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any marks, designs or logos of Franchisor; provided, however, that Landlord shall not be required to bear any expense thereof. Tenant agrees that if Tenant fails to de-identify the Premises promptly upon termination, expiration, or non-renewal as required under the Franchise Agreement, Franchisor may cause all required de-identification to be completed at Tenant's sole cost and expense.

7. Assignment of Interest. This Rider is binding and shall inure to the benefit of Landlord, Tenant, and Franchisor, their assigns, and successors-in-interest. Franchisor is an intended beneficiary of this Rider, provided Franchisor shall have no liability for any of Tenant's obligations under the Form Lease. Franchisor signs below for the limited purpose of acknowledging and agreeing to the provisions of this Rider.

8. Non-disturbance from Mortgage Lenders. It is a condition of the Form Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agrees not to disturb Tenant's rights under the Form Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations under the Form Lease beyond any applicable grace or cure period provided therein. If a mortgage, deed of trust or deed to secure debt currently encumbers the Premises, it is a condition precedent to Tenant's obligations under the Form Lease that the holder of such encumbrance enter into a written recordable form of subordination and non-disturbance agreement with Tenant, in a form reasonably acceptable to Tenant, as described above.

9. Security Interest. Any security interest and/or landlord's lien of Landlord in Tenant's trade fixtures, trade dress, signage, equipment and other personal property is hereby subordinated to any security interest and pledge granted to Franchisor in such items.

LANDLORD:

By: _____

Its: _____

Name: _____

TENANT:

By: _____

Its: _____

Name: _____

Agreed to:

FRANCHISOR:

THE ARRAY GROUP, LLC

By: _____

Name: _____

Title: _____

Attachment 7
GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (the "Guaranty") is given _____, by the undersigned guarantors.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "Agreement") on this date by THE ARRAY GROUP, LLC ("us," "we," or "our"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the Initial Term of the Agreement (including extensions) and afterward as provided in the Agreement, that _____, a _____ ("Franchisee") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements. This Guaranty to pay monetary obligations arising under the Agreement includes, but is not limited to Royalty Fees, other recurring or non-recurring fees, payments owed to us, any claims under the indemnification provisions of the Agreement (including, without limitation, Section 16.4), and any judgments or claims that are reduced to monetary claim.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the Initial Term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its owners, and for so long as we have any cause of action against Franchisee or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers; provided, however, that in the event of a complete and total transfer of all assets and ownership interests in Franchisee and in the Franchised Business, such that a Guarantor has no ownership interest in Franchisee on the Franchised Business ("Transfer"), this Guaranty shall terminate as of the date of the Transfer with respect to any obligations that arise as of or after the Transfer.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

If we are required to enforce this Guaranty in a judicial proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

Each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be commenced in a state or federal court of competent jurisdiction in the state or judicial district in which we have our principal place of business at the time the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and judgment orders in the courts of the state or states in which he or she is domiciled. In all events, the laws of the State of California shall apply to the construction, interpretation and enforcement of this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was signed.

GUARANTOR(S)

By: _____

By: _____

Name: _____

Name: _____

Title (Owner or Spouse): _____

Title (Owner or Spouse): _____

Percent Ownership in Franchisee: _____

Percent Ownership in Franchisee: _____

By: _____

By: _____

Name: _____

Name: _____

Title (Owner or Spouse): _____

Title (Owner or Spouse): _____

Percent Ownership in Franchisee: _____

Percent Ownership in Franchisee: _____

Attachment 8
ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM

The undersigned depositor ("Franchisee" or "Payor") hereby authorizes THE ARRAY GROUP, LLC ("Franchisor" or "Payee") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the bank designated below ("Bank") to debit or credit such account(s) pursuant to Franchisor's instructions.

Name of Person or Legal Entity of Franchisee: _____
Bank: _____
Branch: _____
City: _____ State: _____ Zip Code: _____
Bank Transit/ABA Number: _____
Account Number: _____

This authority is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

FRANCHISEE/PAYOR:

By: _____
Name: _____
Title: _____
Date: _____

INDEMNIFICATION AGREEMENT

To the above named Payee and the Bank designated:

The Payor agrees with respect to any action taken pursuant above authorization:

1. To indemnify the Bank and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Bank in the regular course of business for the purpose of payment, including any costs or expenses reasonably in collection therewith.
2. To indemnify Payee and the Bank for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
3. To defend at Payor's cost and expense any action which might be brought by any depositor or any other persons because of any actions taken by the Bank of Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Bank's or Payee's participation therein.

BE SURE THAT ALL INFORMATION ASKED FOR IS PROVIDED

Attachment 9
BUSINESS ASSOCIATE AGREEMENT

This Subcontractor Business Associate Agreement ("Agreement") is entered into as of _____ ("Effective Date") by and between _____ ("Business Associate") and ("Subcontractor").

Each of Business Associate and Subcontractor may be referenced in this Agreement as a "Party" and collectively as the "Parties."

Whereas the Business Associate entered into a Business Associate Agreement with _____ ("Covered Entity") dated _____ (the "Master Business Associate Agreement").

Whereas Business Associate and Subcontractor have entered into a Franchise Agreement dated _____ (the "Franchise Agreement").

Whereas pursuant to the terms of the Franchise Agreement, Subcontractor will create, receive, maintain, or transmit Protected Health Information on behalf of Business Associate.

Therefore, the Parties, intending to be legally bound, hereby agree as follows:

I. Definitions.

- a. Except as otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings set forth in HIPAA.
- b. "Breach" shall mean the acquisition, access, use or disclosure of Protected Health Information in a manner not permitted by the HIPAA Privacy Rule that compromises the security or privacy of the Protected Health Information as defined, and subject to the exceptions set forth, in 45 CFR § 164.402.
- c. "Electronic Protected Health Information" shall mean Protected Health Information that is transmitted or maintained in Electronic Media.
- d. "HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations, as amended and supplemented by the HITECH Act and its implementing regulations, as each is amended from time to time.
- e. "HIPAA Breach Notification Rule" shall mean the federal breach notification regulations, as amended from time to time, issued under HIPAA and set forth in 45 C.F.R. Part 164 (Subpart D).
- f. "HIPAA Privacy Rule" shall mean the federal privacy regulations, as amended from time to time, issued under HIPAA and set forth in 45 C.F.R. Parts 160 and 164 (Subparts A & E).
- g. "HIPAA Security Rule" shall mean the federal security regulations, as amended from time to time, issued under HIPAA and set forth in 45 C.F.R. Parts 160 and 164 (Subparts A & C).

- h. "HITECH Act" shall mean Subtitle D of the Health Information Technology for Economic and Clinical Health Act provisions of the American Recovery and Reinvestment Act of 2009, 42 U.S.C. §§ 17921-17954, and all its implementing regulations, when and as each is effective and compliance is required.
- i. "Protected Health Information or PHI" shall mean Protected Health Information, as defined in 45 CFR § 160.103, and is limited to the Protected Health Information received, maintained, created or transmitted on behalf of, Business Associate by Subcontractor in performance of the Underlying Services.
- j. "Underlying Services" shall mean, to the extent and only to the extent they involve the creation, maintenance, use, disclosure or transmission of Protected Health Information, the services performed by Subcontractor for Business Associate pursuant to the Underlying Services Agreement.
- k. "Underlying Services Agreement" shall mean the written agreement(s) (other than this Agreement) by and between the parties as amended as set forth in the attached schedule by and between the Parties pursuant to which Subcontractor has access to, receives, maintains, creates or transmits PHI for or on behalf of Business Associate in connection with the provision of the services described in that agreement(s) by Subcontractor to Business Associate or in performance of Subcontractor's obligations under such agreement(s).

II. Permitted and Required Uses and Disclosures of Protected Health Information by Subcontractor .

- a. Subcontractor may use or disclose Protected Health Information solely (1) as necessary to provide the Underlying Services to Business Associate and in compliance with each applicable requirement of 45 CFR §164.504(e), (2) as Required by Law or (3) as expressly otherwise authorized under this Agreement. Subcontractor shall not use or disclose Protected Health Information for any other purpose or in any other manner.
- b. Subcontractor may, if necessary, use or disclose Protected Health Information for the proper management and administration of Subcontractor or to carry out the legal responsibilities of Subcontractor; provided, that (1) any disclosure is Required by Law or (2) Subcontractor obtains reasonable advance written assurances from the person or party to whom the Protected Health Information is disclosed that (Y) the Protected Health Information will be held confidentially and used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person or party, and (Z) the person or party immediately notifies Subcontractor of any instances of which it is aware in which the confidentiality of the information has been breached.

III. Obligations of Subcontractor.

- a. Subcontractor shall use appropriate safeguards, and, comply, where applicable, with the HIPAA Security Rule with respect to Electronic Protected Health Information, to prevent use or disclosure of the information other than as provided for by this Agreement.
- b. Subcontractor shall mitigate any harmful effect of a use or disclosure of Protected Health Information by Subcontractor in violation of the requirements of this Agreement.

- c. Subcontractor shall immediately report to Business Associate: (i) any use or disclosure of Protected Health Information not provided for by this Agreement of which it becomes aware in accordance with 45 CFR §164.504(e)(2)(ii)(C); and/or (ii) any Security Incident of which Subcontractor becomes aware in accordance with 45 CFR § 164.314(a)(2)(i)(C).
- d. Subcontractor shall notify the Business Associate within ten (10) days after Subcontractor's discovery of any incident that involves an unauthorized acquisition, access, use, or disclosure of Protected Health Information; even if Subcontractor believes the incident will not rise to the level of a Breach. Subcontractor agrees that such notification will meet the requirements of the HIPAA Breach Notification Rule set forth in 45 CFR § 164.410. Subcontractor shall provide to the Business Associate the names and contact information of all individuals whose Protected Health Information was or is believed to have been involved, all other information reasonably requested by the Business Associate to enable the Business Associate to perform and document a risk assessment in accordance with the HIPAA Breach Notification Rule with respect to the incident to determine whether a Breach occurred, and all other information reasonably necessary to provide notice to Individuals, the Department of Health and Human Services and/or the media in accordance with the HIPAA Breach Notification Rule. In the event of an incident that is required to be reported under this Section III(d), Business Associate shall elect in its sole discretion whether Business Associate, Subcontractor or a third party shall be responsible for conducting an investigation of that incident and providing any required notices as set forth in this Section III(d).
- e. In accordance with 45 CFR 164.502(e)(1)(ii) and 45 CFR 164.308(b)(2), Subcontractor shall ensure that any subcontractors that create, receive, maintain, or transmit Protected Health Information on behalf of Subcontractor, agree to the same restrictions and conditions, in writing, that apply through this Agreement to Business Associate with respect to such Protected Health Information, including but not limited to the extent that subcontractors create, receive, maintain, or transmit Electronic Protected Health Information on behalf of the Subcontractor, it shall require the subcontractors to comply with the HIPAA Security Rule.
- f. To the extent Subcontractor is to carry out Business Associate's obligations under the HIPAA Privacy Rule, Subcontractor shall comply with the requirements of the HIPAA Privacy Rule that apply to Business Associate in the performance of such obligations.
- g. Subcontractor shall provide access to Business Associate, no later than fifteen (15) days after receipt of a request from Business Associate, to Protected Health Information in a Designated Record Set, or, if requested by Business Associate, to an Individual, all in accordance with the requirements under 45 CFR § 164.524, including, providing or sending a copy to a designated third party and providing or sending a copy in electronic format, to the extent that the Protected Health Information in Subcontractor's possession constitutes a Designated Record Set.
- h. Subcontractor shall make available and make any amendment(s) to Protected Health Information in a Designated Record Set within fifteen (15) days after receipt of a request from Business Associate or an Individual, all in accordance with the requirements of 45 CFR § 164.526.
- i. Subcontractor shall document disclosures of Protected Health Information and information related to such disclosures as would be required for Business Associate to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in

accordance with 45 CFR § 164.528 and, as of the date compliance is required by final regulations, 42 U.S.C. § 17935(c).

- j. Subcontractor shall make available to Business Associate, within fifteen (15) after receipt of a request, information collected in accordance with Section III(i) of this Agreement to permit Business Associate to respond to a request by an Individual for an accounting of disclosures of Protected Health Information, or make that information available directly to an Individual, all in accordance with 45 CFR § 164.528 and, as of the date compliance is required by final regulations, 42 U.S.C. § 17935(c).
- k. Subcontractor shall notify Business Associate in writing within three (3) days after Subcontractor's receipt directly from an Individual of any request for access to or amendment of Protected Health Information, or an accounting of disclosures, as contemplated in Sections III(g), III(h), III(i) and III(j) of this Agreement.
- l. Subcontractor agrees to make its internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by Subcontractor on behalf of, Business Associate available to the Business Associate or to the Secretary, for purposes of the Secretary determining Business Associate's compliance with HIPAA.
- m. Subcontractor shall request, use and/or disclose only the minimum amount of Protected Health Information necessary to accomplish the purpose of the request, use or disclosure; provided, that Subcontractor shall comply with 45 CFR §§ 164.502(b) and 164.514(d).
- n. Subcontractor shall not directly or indirectly receive remuneration in exchange for any Protected Health Information as prohibited by 45 CFR § 164.502(a)(5)(ii).
- o. Pursuant to the authorizations obtained by the Business Associate and in accordance with the terms of 45 CFR §§ 164.508(a)(3), Subcontractor may make or cause to be made any marketing communication about a product or service as defined in 45 CFR §§ 164.501.
- p. Pursuant to the authorization obtained by the Business Associate and in accordance with the terms of 45 CFR § 164.514(f) Subcontractor may make or cause to be made any written fundraising communication.
- q. Subcontractor shall take all necessary steps, at the request of Business Associate, to comply with requests by Individuals not to send Protected Health Information to a Health Plan in accordance with 45 CFR § 164.522(a).
- r. Subcontractor shall take reasonable steps to ensure that its employees' actions or omissions do not cause Subcontractor to breach the terms of this Agreement or violate provisions of HIPAA that apply to Subcontractor.
- s. Notwithstanding anything to the contrary, Subcontractor may deidentify any Protected Health Information in accordance with the standard in 45 CFR § 164.514(a). Once data is properly de-identified, Subcontractor may use the deidentified information for any lawful purpose and is not required to destroy such information upon termination of this Agreement.

IV. Term and Termination.

- a. The term of this Agreement shall commence as of the Effective Date and shall terminate concurrently with the Underlying Services Agreement unless earlier terminated, by mutual written agreement of the Parties, or in accordance with this Section IV.
- b. Notwithstanding anything in this Agreement to the contrary, if Business Associate knows of a pattern of activity or practice of Subcontractor that constitutes a material breach or violation of this Agreement then Business Associate shall provide written notice of the breach or violation to Subcontractor that specifies the nature of the breach or violation. Subcontractor must cure the breach or end the violation on or before thirty (30) days after receipt of the written notice. In the absence of a cure reasonably satisfactory to Business Associate within the specified timeframe, or in the event the breach is reasonably incapable of cure, then Business Associate may, terminate this Agreement.
- c. Within thirty (30) days after termination or expiration of this Agreement, Subcontractor will return or destroy, if feasible, all Protected Health Information received from or created or received by Subcontractor, including all Protected Health Information in possession of Subcontractor's agents or subcontractors, on behalf of Business Associate that Subcontractor still maintains in any form and retain no copies of such information. To the extent return or destruction of the Protected Health Information is not feasible, Subcontractor shall notify Business Associate in writing of the reasons return or destruction is not feasible and, if Business Associate agrees, may retain the Protected Health Information subject to this Section. Under any circumstances, Subcontractor shall extend any and all protections, limitations and restrictions contained in this Agreement to Subcontractor's use and/or disclosure of any Protected Health Information retained after the expiration or termination of this Agreement, and shall limit further uses and disclosures to those purposes that make the return or destruction of the information not feasible.

V. Miscellaneous.

- a. The Parties to this Agreement do not intend to create any rights in any third parties. The obligations of Subcontractor under this Section and Section IV(c) of this Agreement shall survive the expiration, termination, or cancellation of this Agreement, the Underlying Service Agreement, and/or the business relationship of the Parties, and shall continue to bind Subcontractor, its agents, employees, contractors, successors, and assigns as set forth herein.
- b. This Agreement may be amended or modified only in a writing signed by the Parties. No Party may assign its respective rights and obligations under this Agreement without the prior written consent of the other Party. None of the provisions of this Agreement are intended to create, nor will they be deemed to create any relationship between the Parties other than that of independent parties contracting with each other solely for the purposes of effecting the provisions of this Agreement and any other agreements between the Parties evidencing their business relationship. This Agreement shall be governed by the laws of the State of California. No change, waiver or discharge of any liability or obligation hereunder on any one or more occasions shall be deemed a waiver of performance of any continuing or other obligation, or shall prohibit enforcement of any obligation, on any other occasion. The Parties agree that, in the event that any documentation of the arrangement pursuant to which Subcontractor provides Underlying Services to Business Associate contains provisions relating to the use or disclosure of Protected Health Information which are more restrictive than the provisions of

this Agreement, the provisions of the more restrictive documentation will control. The provisions of this Agreement are intended to establish the minimum requirements regarding Subcontractor's use and disclosure of Protected Health Information. This Agreement, together with the Underlying Services Agreement, constitutes the entire agreement of the Parties relating to Subcontractor's use or disclosure of Protected Health Information.

- c. The terms of this Agreement to the extent they are unclear, shall be construed to allow for compliance by Business Associate with HIPAA and the HITECH Act. In the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect. In addition, in the event Business Associate believes in good faith that any provision of this Agreement fails to comply with the then-current requirements of HIPAA, Business Associate shall notify Subcontractor in writing. For a period of up to thirty (30) days, the Parties shall address in good faith such concern and amend the terms of this Agreement, if necessary to bring it into compliance. If, after such thirty-day period, the Agreement fails to comply with the requirements of HIPAA, then Business Associate has the right to terminate upon written notice to the Subcontractor.
- d. Subcontractor understands and agrees that it will not assign, delegate, or subcontract any of its rights or obligations under this Agreement to individuals or entities residing outside the United States.
- e. This Agreement may be executed in counterparts, each of which will constitute an original and all of which will be one and same document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

Business Associate:

By: _____

Name: _____

Title: _____

Date: _____

Business Associate Subcontractor:

THE ARRAY GROUP, LLC

By: _____

Name: _____

Title: _____

Date: _____

Schedule 1 to Business Associate Agreement

The Franchise Agreement dated _____ between THE ARRAY GROUP, LLC and

Attachment 10
Medical Director Agreement

This Medical Director Agreement ("Agreement") is made and entered into as of _____ by and between THE ARRAY GROUP, LLC, ("Franchisor"), and _____ ("Medical Director"), who resides at _____. All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

A. Franchisor is engaged in the business of selling franchises for the management of a medical dermatology clinic specializing in the treatment of various autoimmune skin conditions through various independent medical providers and professionally licensed persons or entities, providing medical phototherapy services ("Clinic"). The Clinics are operated under the Franchisor's trademark "ARRAY SKIN THERAPY" and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols;

B. Franchisor has developed methods for establishing, operating and promoting Clinics pursuant to the Franchisor's Confidential Information (defined below) and such Confidential Information as may be further developed from time to time by the Franchisor;

C. Medical Director desires to be engaged by _____ ("Franchisee") to provide services for the Clinic operating at _____;

D. In Medical Director's role at the Clinic, Medical Director may receive and have access to Franchisor's Confidential Information;

E. Medical Director recognizes and agrees that since the Clinic may not be able to conduct normal operations unless there is a Medical Director, if Medical Director terminates the engagement without sufficient notice, the Clinic, its owners, the medical providers, and the ARRAY SKIN THERAPY brand will be damaged.

F. Medical Director agrees to the terms of this Agreement as partial consideration for the Franchisor's willingness to allow Medical Director to engage in a business relationship with the Clinic using the Franchisor's Confidential Information.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Medical Director and the Franchisor, intending legally to be bound, agree as follows:

1. Term. The term of this Agreement shall commence on the Effective Date set forth above and terminate upon the earlier to occur of (i) the termination of the franchise agreement permitting operations of the Clinic or (ii) the date that Medical Director and the Clinic terminate their relationship.

2. Representation and Warranty. Medical Director hereby represents and warrants to Franchisor that Medical Director meets the requirements of law to serve in the role of medical director, including but not limited to obtaining all licenses, certifications, credentials, and training that are required by law, and that Medical Director will continue to satisfy the requirements of law during the term of this Agreement.

3. Confidential Information. Franchisor possesses (and will continue to develop and acquire) certain Confidential Information. "Confidential Information" means the information, not generally known to the public, in any form, relating to the Clinic and its operations, including all trade secrets of the Clinic; all knowledge, know-how, standards, methods, and procedures related to the establishment and operation of the Clinic not generally known to the public; all records pertaining to clients, suppliers, and other service providers of, and/or related in any way to, the Clinic (such as all names, addresses, phone numbers, e-mail addresses for clients and suppliers; client purchase records and mail lists); product formulas; electronic code, designs, marketing materials, and business, sales, and marketing strategies; financial information; databases; training materials; knowledge of the franchise system; and any other data and information that Franchisor or its affiliates designates as confidential, including all information contained in the Manuals. Confidential Information does not include information, knowledge, or know-how which Medical Director can demonstrate lawfully came to its attention before it was provided it to Medical Director directly or indirectly; which, at the time it was disclosed it to Medical Director, already had lawfully become generally known in the health care and/or medical dermatology and nursing industries through publication or communication by others (without violating an obligation to Franchisor); or which, after it was disclosed it to Medical Director, lawfully becomes generally known in the health care, nursing, and/or medical dermatology industries through publication or communication by others (without violating an obligation to us). Anyone who claims that anything deemed Confidential Information is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

4. Non-Disclosure. Medical Director acknowledge and agree that Medical Director will not acquire any interest in Confidential Information, other than the right to use it in accordance with Medical Director's responsibilities to the Clinic set forth on Exhibit A to this Agreement during the term of Medical Director's engagement with the Clinic. Franchisor will only permit Medical Director to have the Confidential Information disclosed to Medical Director on the condition that Medical Director agrees that Medical Director:

- i. will not use Confidential Information in any other business or capacity;
- ii. will keep each item deemed to be part of Confidential Information absolutely confidential, both during the term of this Agreement and then thereafter, for as long as the item is not generally known;
- iii. will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and
- iv. will comply with the Clinic's procedures to prevent unauthorized use or disclosure of Confidential Information.

5. Notice. Medical Director shall provide the Clinic and Franchisor with at least one hundred twenty (120) days' notice before terminating Medical Director's engagement with the Clinic.

6. Non-Solicit. During (i) the term of this Agreement and (ii) a period of two (2) years following the termination of this Agreement in the Restricted Territory, Medical Director shall not,

without Franchisor's prior written consent, for themselves, or through, on behalf of, or in conjunction with any other person or entity:

- i. solicit, divert or attempt to solicit or divert any patient or client of the Clinic, to any Competitive Business; or
- ii. solicit, divert, or induce or attempt to solicit, divert, or induce for, or on behalf of, any Competitive Business any person or entity who was an employee of, independent contractor to, consultant to, or other service provider to the Clinic, Franchisor, Franchisor's affiliates, or Franchisor's franchisees as of the date of the termination of this Agreement or within one (1) year of the date of the termination of this Agreement or who was an employee of, independent contractor to, consultant to, or other service provider to the Clinic, Franchisor, Franchisor's affiliates, or Franchisor's during the one (1) year period prior to the date of the termination of this Agreement or within one (1) year of the date of the termination of this Agreement, to work for the Competitive Business;

7. Competitive Business. For purposes of this Agreement, the term "Competitive Business" shall mean, other than an ARRAY SKIN THERAPY business that Franchisee is authorized by Franchisor to operate, (i) any clinic, practice, or business, that offers or provides (1) medical phototherapy services, (2) medical dermatology services, (3) management services for a medical phototherapy clinic or medical dermatology clinic, or (4) any other product or service or management services that are similar to the services and products authorized to be offered, sold or provided under the Marks and the System by the Clinic; or (ii) any business granting franchises or licenses to others to operate the type of business specified in subparagraph (i).

8. Restricted Territory. For purposes of this Agreement, the term "Restricted Territory" shall mean:

- i. an area which combined includes (a) the Territory of the Clinic as of the date of termination of this Agreement including the premises where the Clinic operates, (b) the territories in which Franchisor, Franchisor's affiliates, or Franchisor's other franchisees operate any ARRAY SKIN THERAPY business as of the date of the termination of this Agreement, and (c) any area which is within fifteen (15) miles of the boundaries of any of those territories; or
- ii. Only in the event the foregoing is determined by a court of law to be too broad, an area which combined includes (a) the Territory of the Clinic as of the date of termination of this Agreement, including the premises where the Clinic operates, and (b) any area which is within fifteen (15) miles of the boundaries of the Territory; or
- iii. Only in the event the foregoing is determined by a court of law to be too broad, the Territory as of the date of termination of this Agreement, including the premises where the Clinic operates; or

- iv. Only in the event the foregoing is determined by a court of law to be too broad, the premises where the Clinic operates.

9. Territory. For purpose of this Agreement, the term "Territory" shall mean the Territory of the Clinic pursuant to the terms of the franchise agreement with Franchisor and which is set forth on Exhibit A.

10. Injunction. Medical Director hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which Franchisor may be entitled. Medical Director agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling Five Hundred Dollars (\$500) or more, but upon due notice, and Medical Director's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Medical Director.

11. Reasonableness of Restrictions. Medical Director acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with the Clinic or approve Medical Director's role at the Clinic without receiving Medical Director's unrestricted promise to preserve the confidentiality of the Confidential Information. In any litigation or arbitration concerning the entry of any requested injunction against Medical Director, Medical Director for value, voluntarily waives such defenses as Medical Director might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of the Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Franchisor will entitle or permit Medical Director to disclose any such Confidential Information in any circumstances.

12. Effect of Waiver. The waiver by Franchisor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

13. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Medical Director and the Franchisor and their respective heirs, executors, representatives, successors and assigns.

14. Entire Agreement. This instrument contains the entire agreement of Medical Director and the Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

15. Governing Law; Jurisdiction and Venue. The laws of California (without giving effect to its conflicts of law principles) govern all matters arising under and relating to this Agreement, including torts. In the event of a breach or threatened breach by Medical Director of this Agreement, Medical Director hereby irrevocably submits to the jurisdiction of the state and federal courts of California, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of California. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of California. Notwithstanding the foregoing, in the event that

the laws of the state where Medical Director resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

16. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

17. Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation or arbitration, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

18. Miscellaneous. Due to the importance of this Agreement to Franchisor, any claim Medical Director has against Franchisor is a separate matter and does not entitle Medical Director to violate, or justify any violation of, this Agreement.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

MEDICAL DIRECTOR:

THE ARRAY GROUP, LLC

[Print Name]

[Signature]

By: _____
Name: _____
Title: _____
Date: _____

Exhibit A to the Medical Director Agreement

Territory of the Clinic under the franchise agreement:

EXHIBIT E
MANAGEMENT SERVICES AGREEMENT

[FORM OF MANAGEMENT SERVICES AGREEMENT; NEGOTIATIONS PERMITTED AND SUBJECT TO FRANCHISOR'S APPROVAL; ILLUSTRATIVE PURPOSES ONLY; DOES NOT CONSTITUTE LEGAL ADVICE; MUST BE MODIFIED TO REFLECT LAWS IN FRANCHISEE'S INDIVIDUAL STATE]

THIS MANAGEMENT SERVICES AGREEMENT ("**Agreement**") is made and entered into as of _____ ("**Effective Date**"), by and among _____ ("**Manager**"), _____, a _____ professional corporation [or other professional entity] ("**PC**"), and the undersigned owners of the PC (each an "**Owner**"), under the laws of the State of _____ ("**State**").

RECITALS

A. PC is a professional corporation [or other professional entity] duly organized under the laws of the State that is permitted to operate a medical dermatology clinic (the "**Practice**") providing medical phototherapy services ("**Specialty Services**");

B. PC desires to obtain the assistance of Manager in providing administrative and related services to manage the business aspects of the Practice at _____ ("**Office**").
References in this Agreement to the Practice shall mean the activities of the medical dermatology practice conducted at the Office. The PC shall have no rights as a lessee of or any other possessory or occupancy right to or any interest in the Office except for the right to perform medical phototherapy services at the Office as expressly set forth in this Agreement;

C. Manager desires to provide PC with the necessary support to manage the business aspects of the Practice at the Office, including the services set forth on Attachment 1; and

D. PC desires to engage Manager, and Manager desires to be engaged by PC, upon and subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth and in exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

I. Manager Responsibilities

(a) Engagement. PC hereby engages Manager to provide or arrange for the business services for the Practice at the Office as are more particularly described on Attachment 1 to this Agreement ("**Business Services**"). The parties acknowledge and agree that the Business Services do not include the practice of medicine, practice of nursing, or medical phototherapy. Any such Specialty Services will be provided subject to the absolute control and direction of the Practice by PC and the terms and conditions of this Agreement, and Manager accepts such engagement, subject to the terms and conditions of this Agreement and applicable law.

(b) Limitation on Manager's Engagement. Notwithstanding any provision of this Agreement, any other agreement entered into by Manager, or any law or regulation, all Business

Services provided by Manager under this Agreement shall consist only of services that a non-professional corporation or non-professional business entity may lawfully provide under the laws of the State and other applicable statutes, regulations, common law and other applicable laws governing the practice of medicine or nursing, the rules and regulations of the State board of medicine, State board of nursing, and common law interpreting those laws (such statutes, rules, regulations and common law, collectively, the “**Medical Regulations**”). Nothing in this Agreement is intended, nor shall be construed, to permit or require PC or its Clinical Staff to practice medicine, nursing, dermatology, or medical phototherapy outside the scope of the Medical Regulations; interfere with the ability of PC or its Clinical Staff to exercise its or their professional and ethical judgment in the performance of patient care responsibilities; nor delegate to Manager any of the professional responsibilities or judgment of PC or its Clinical Staff. “**Clinical Staff**” means personnel requiring professional medical licensure, including all physicians, registered nurses, and nurse practitioners, providing medical phototherapy services at the Practice. Manager shall not select, oversee, nor terminate any Clinical Staff.

(c) Changes in Applicable Laws. If (i) there shall be a change in any Medical Practice Law or other applicable law or the interpretation or application thereof, or the adoption, enactment, promulgation, issuance, rendering or interpretation or application of any new applicable law, any of which are reasonably likely to adversely affect the manner in which either party may perform or be compensated for its services under this Agreement or which shall make this Agreement or the arrangements hereunder unlawful or illegal, or (ii) any Owner alleges or claims that this Agreement or the arrangements hereunder are unlawful or illegal, then the parties shall immediately enter into good faith negotiations regarding amendment of this Agreement or a new service arrangement or basis for compensation for the services furnished pursuant to this Agreement that complies with the applicable law, interpretation or application, and that approximates as closely as possible the economic arrangements and position of the parties hereunder. If the parties are unable to resolve the matter through good faith negotiations within thirty (30) days, then either party may initiate the dispute resolution procedures set forth in Attachment 3 by giving written notice to the other party, and such matter shall be submitted to mediation and if required, arbitration as set forth below.

(d) Cooperation. The parties will cooperate with each other in good faith in carrying out the parties’ respective obligations under this Agreement and compliance with applicable laws. PC, Owners, and Manager, from time to time, shall sign and deliver any further documents, instruments and other assurances, and shall take any other action consistent with the terms of this Agreement and applicable law, that may reasonably be requested by a party for the purpose of effectuating this Agreement.

(e) Office. Manager will provide the Office for use by the PC at which it shall conduct and provide the Specialty Services during the term of this Agreement. This Agreement shall not be construed as a lease or sublease of the Office and shall not be deemed to create a relationship of that of landlord and tenant. The PC shall have no rights as a lessee of or any other possessory or occupancy rights to or any interest in the Office except for the right to perform professional medical services on the Office as expressly set forth in this Agreement.

(f) Equipment. During the term of this Agreement, Manager grants to PC the right to use certain Services and Specialty Services equipment (collectively “**Equipment**”), on the terms and conditions hereinafter set forth. All Equipment selected for use at the Clinic for the provision of Specialty Services must be reviewed and approved by PC. If the PC determines that other equipment is necessary for the provision of Specialty Services, the Manager may acquire such equipment and treat it as part of the Equipment provided under the terms of this Agreement. The PC shall use, and

shall cause its Clinical Staff to use, the Equipment only in connection with the Office. Title to the Equipment, including any improvements thereto, shall be and remain in the Manager at all times. PC agrees to take no action that would adversely affect Manager's title to or interest in the Equipment. During the term of this Agreement, PC shall be responsible for maintaining the Equipment in good condition and repair, reasonable wear and tear from normal use excepted, including, when necessary, the replacement or substitution of parts. All maintenance, repair and replacement, if necessary, of the Equipment shall be performed by Manager on behalf of PC. PC agrees to assume the cost and expense of all supplies used in connection with the Equipment, and PC agrees to make the Equipment available for inspection by Manager or its designee at all times. PC shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Equipment, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created by Manager. Upon the termination or expiration of this Agreement, Manager shall retain all Equipment and the PC will relinquish control thereof free and clear of all liens, encumbrances, and right of others. During the term of this Agreement, PC engages Manager and Manager agrees to perform, or subcontract for the performance of, all maintenance, repair, and servicing as may be necessary for the Equipment to be maintained in good working condition, reasonable wear and tear excepted. In addition to PC's right to approve Equipment PC shall advise Manager with respect to the selection of additional and replacement equipment or furnishings for the Office, and with respect to any proposed additions or improvements to the Equipment. PC will ensure that all Equipment is used in a safe and appropriate manner. PC shall promptly notify Manager of any defective Equipment.

II. Service Fees

(a) Service Fee. In consideration of the Business Services, PC shall pay a monthly service fee (each month, a "**Service Fee**" and collectively, the "**Service Fees**") to Manager as described in Attachment 2. PC expressly authorizes Manager to make payments of Service Fees to itself from time to time as such Service Fees become due and payable, from any funds of PC or that are available for such payment, including payment under a loan from Manager or a commercial bank, without any notice to or further authorization from PC. To the extent that any of the Business Services are subject to any applicable sales and use taxes, PC shall be responsible for payment of any applicable sales and use taxes. The parties agree to review the Service Fee at least annually and make appropriate adjustments as the parties may mutually agree to ensure that the Service Fee on a go-forward basis comports with the fair market value of the Business Services provided by Manager.

(b) Fair Market Value. The Service Fees reflect the parties' negotiated agreement as to the fair market value of the Business Services given, among other things, the capital that may be expended or made available by Manager with respect to the Practice, the considerable expenses and business risks to be incurred by Manager in providing Business Services under this Agreement, and the valuable expertise and proprietary know-how of Manager that will be made available to PC under this Agreement.

(c) No Referral of Patients or Splitting of Fees. No payment of Service Fees or other amounts under this Agreement is or shall be in return for the referral of patients, and no such payment is or shall be construed as splitting or sharing of the professional fees of PC or its Clinical Staff or any kind of commission, rebate or other remuneration for the referral of patients. No party is required to refer patients to the other or to any of their respective affiliates, and nothing in this Agreement shall be construed as (i) directing, influencing, requiring, inducing, soliciting or reimbursing the referral of any patients, nor (ii) restricting, directing, controlling, influencing or interfering with the professional judgment of PC or any of the Clinical Staff.

(d) Manager's Right to Audit. From time to time, Manager shall have the right to engage an independent third party to audit the books and records of PC, at Manager's expense, to confirm the accuracy of the calculation of the Service Fees payable hereunder and to confirm the value of the Gross Revenues (defined below). In the event such an audit determines that the aggregate Service Fees payable hereunder were calculated indirectly, Manager shall refund to PC any overpayment, and PC shall pay Manager any underpayment, within thirty (30) days following the completion of the audit. "Gross Revenues" means all revenue that is actually collected and received from operating the ARRAY SKIN THERAPY clinic and Practice, including, but not limited to, all services and products sold, all amounts that the Manager or PC charges, invoices, collects, or receives at or away from the Office, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, but excluding all federal, state, or municipal sales, use, or service taxes collected from patients or other clients and paid to the appropriate taxing authority. Gross Revenues includes the proceeds of any business interruption insurance or similar insurance payments that Manager or PC receives to replace revenue that Manager or PC lose from the interruption of the business of the clinic due to a casualty or other similar event.

III. Billing, Collections, Office, and Equipment

To facilitate the provision of Business Services by Manager, the parties agree to the following provisions, subject to control of the Practice by PC:

(a) Billing and Collections. PC hereby appoints Manager as PC's true and lawful agent and attorney-in-fact to take the following actions:

(i) To bill and submit claims forms on PC's behalf for claims for reimbursement, payment or indemnification from patients for goods and services provided by or on behalf of PC, and to respond to explanation of benefit forms and billing inquiries of payors;

(ii) To collect and receive and take possession of and endorse on PC's behalf all checks, money orders, and any other instruments received in payment of goods or services rendered by or on behalf of PC, or pursuant to accounts receivable generated by such billings and claims for reimbursement, and to administer such accounts; and

(iii) To sign checks, drafts, bank notes or other instruments on behalf of PC, and deposit all such collections into a designated bank account(s).

Such appointment shall survive the termination of this Agreement for all accounts receivable arising from billing for goods and services provided prior to such termination, until all obligations of PC owed to Manager shall have been paid in full.

(b) No Liability. PC acknowledges and agrees that Manager cannot guarantee or control the creditworthiness of any patient or payor, the exercise of discretionary authority by any payor or the satisfaction of any patient with services provided and, therefore, Manager shall not be liable for any failure to collect or receive payments on behalf of PC hereunder, except for any failure directly arising out of Manager's gross negligence or willful misconduct. To facilitate Manager's collections of PC's accounts receivable, upon request PC shall assist Manager in its collection efforts.

(c) Disbursements. As part of its Business Services to be provided hereunder, Manager shall disburse funds in payment of the Direct PC Expenses (defined below), Service Fees, and Clinic

Expenses. Such disbursements include accounts payable or other amounts owed by PC with respect to the Practice or in payment for goods or services on behalf of PC with respect to the Practice. Manager is authorized to make payment to itself and its affiliates of any amount due to it or any of them by PC under this Agreement or otherwise, including payment of Service Fees, Clinic Expenses or other amounts. PC will timely make available or provide funds to Manager to fund all of such disbursements by Manager. Such disbursements shall be made in the following order of priority to the extent funds are available therefor:

- (i) All Direct PC Expenses due and payable;
- (ii) All Service Fees due and payable to Manager,
- (iii) All Clinic Expenses due and payable, including reimbursement of Clinic Expenses paid by Manager on behalf of PC;
- (iv) All sums (if any) due and payable to any commercial bank or lender (other than Manager);
- (v) All sums (if any) due and payable to Manager as a repayment of a loan or advance, applied first to interest accrued and unpaid, and the balance applied to principal.

(d) Loans to PC. In the event that the cash collections of PC from patient treatment and services, and the sale of goods, and all other revenues from operations are not sufficient to fund all of the Direct PC Expenses, the Clinic Expenses and the Service Fees, then Manager may, in its sole and absolute discretion, loan funds to PC in order to pay all of the obligations of PC. Manager may also, at its sole discretion, arrange for a loan from a commercial bank or other lender to PC or to Manager for the purpose of providing working capital in an amount sufficient to allow PC to meet its financial obligations. Any such loans from Manager to PC shall bear interest at a rate that is commercially reasonable and reflects fair market value, and shall have such other terms as the parties may agree from time to time. To secure any and all amounts loaned to PC by Manager, Manager has the right to require PC to enter into a security agreement.

(e) Residual Amounts. Any amount accrued on behalf of PC during each month that remains after accrual or recognition of all of such disbursements and expenses, and all Service Fees or other amounts payable to Manager, for such month (such remainder, the "Residual Amount"), shall be remitted to or deposited into a bank account designated by PC for the benefit of PC during the following month. If the underlying amounts used in calculating the Residual Amount are determined to be lower or higher than the actual amounts, based upon periodic accruals, audits or reviews, then appropriate adjustments will be made in subsequent amounts deposited on behalf of PC.

(f) Clinic Expenses. For purposes of this Agreement, the term "**Clinic Expenses**" shall mean all of the following costs and expenses of operating and managing the Practice and the PC:

- (i) All salaries, wages, bonuses and costs of employee benefits for employees (including temporary and part-time employees) of the Manager or PC (excluding all Clinical Staff employed by the PC) working in the Office in support of the Practice, including both professional and non-professional personnel and Manager employees, including life, disability and medical insurance premiums, pension plan contributions and other employee benefits, and all taxes and assessments payable to local, state and federal governments in connection with the employment of such personnel;

(ii) Direct costs and directly allocable corporate charges for employees or independent contractors of, or consultants to, Manager or PC who provide services at or in connection with the Practice required for improved operational performance of the Practice, such as work management, materials management, purchasing, business consultation, patient relations and scheduling, regional management or supervision functions, and repair and maintenance services;

(iii) Directly allocable corporate charges for items or services customary for medical dermatology office operations furnishing Specialty Services, including costs of accounting services, independent audits, collection agency fees, payroll, risk management, regulatory review, capital adequacy, human resources, marketing, real estate development and information services;

(iv) Rent and other amounts payable for the Office facilities charged by the applicable landlord under the underlying lease of such Office facilities space, including any increase in such rent and other charges from time to time based on the underlying lease;

(v) Direct costs and directly allocable corporate charges for marketing activities approved by PC in consultation with the Manager from time to time, including business-to-consumer and business-to-business marketing activities identified as “working” marketing expenses, advertising media, promotional programs, facility advertising, branded packaging and other advertising programs;

(vi) Direct costs and directly allocable corporate charges for property, general liability and other customary forms of insurance covering PC, the Office facilities space, equipment and furnishings and other assets used in the Practice;

(vii) Direct costs of all supplies ordered by or on behalf of PC and purchased by Manager on PC’s behalf;

(viii) Personal property and intangible taxes assessed against Manager’s assets used in connection with the operation of the Practice, as well as other business-related taxes required by applicable state and local statutes commencing on the Effective Date of this Agreement;

(ix) Direct costs incurred in connection with employee recruitment and training for the PC;

(x) Direct costs of repair and maintenance of the Office facilities space, equipment and furnishings; provided, however, that if any such repair is required as a result of the gross negligence or willful misconduct of PC or its employees, PC shall be solely responsible for the costs thereof;

(xi) Other direct operating costs incurred by PC or by Manager on PC’s behalf, including bank and other service fees, utilities, telephone, internet, office connectivity, postage, overnight courier, bad debt, uniforms and laundry expense, janitorial, refuse collection;

(xii) Depreciation expense, as reasonably determined by Manager based on sound accounting principles consistently applied, with respect to any equipment purchased and other capital expenditures made by Manager for the benefit of PC on or after the Effective Date, including the opening of any Office utilized by PC, but for the avoidance of doubt, excluding all furniture, fixtures, equipment and other real or personal property located at the Office on the Effective Date;

(xiii) Other direct expenses incurred by Manager in carrying out its obligations to PC under this Agreement;

(xiv) Costs of maintaining PC in corporate good standing in its applicable jurisdiction(s);

(xv) Legal costs incurred by PC in the organization of its business and the maintenance of its corporate existence and good standing; and

(xvi) Fees for outside accountants;

(g) The term "Clinic Expenses" shall not include (i) any expenses which are expressly designated under this Agreement as Direct PC Expenses, (ii) other expenses to be borne by or that are the responsibility of PC, or (iii) any share of costs of compensation (including benefits) for executive management of Manager.

(h) Direct PC Expenses. PC shall be solely responsible for all Direct PC Expenses. For purposes of this Agreement, "**Direct PC Expenses**" shall include the following:

(i) All salaries, wages and the cost of employee benefits for all Clinical Staff employed by PC as in effect from time to time, including life, disability, medical and workers' compensation insurance premiums, pension plan contributions and other employee benefits, and all taxes and assessments payable to local, state and federal governments in connection with the employment of such personnel;

(ii) All fees payable for services provided by any Clinical Staff contracted by PC;

(iii) All federal, state and local income, franchise or gross receipts taxes, and any other taxes payable in lieu of income taxes, paid or payable by PC or its Owner(s);

(iv) Costs of maintaining malpractice insurance, professional licenses, continuing education, and similar expenses for PC and Clinical Staff; and

(v) All debt service obligations (including principal, interest and bank fees and charges) of PC to any lender.

(i) Allocations of Costs and Overhead. All costs and expenses incurred by Manager for the benefit of PC from third party vendors or service providers and charged back to PC under this Agreement shall arise out of bona fide arm's length transactions with unaffiliated third parties and shall be subject to reimbursement on the basis of the actual costs incurred by Manager (without markup) after appropriate adjustment, as reasonably determined by Manager, for credits, rebates, discounts, refunds and allowances, to the extent directly related to such costs. All directly allocable corporate expenses to be charged to PC under this Agreement shall be allocated among PC and any

other professional services corporations, professional limited liability companies or limited liability companies affiliated with or under contract with Manager in an equitable manner as reasonably determined by Manager such that the aggregate of all such allocated expenses shall not exceed 100% of the actual costs incurred by Manager therefor.

(j) Management and Financial Reports. Following the end of each calendar month, but not later than the end of the following month, Manager shall provide a management and financial report listing all Gross Revenues of the PC, all Direct PC Expenses, all Clinic Expenses, all Service Fees, all allocations of costs and expenses incurred by Manager from third party vendors for the benefit of PC, and all loan payments made by or on behalf of PC including loan amounts paid or accrued owing to Manager.

IV. Responsibilities of the PC

(a) Control of Practice by PC. The parties acknowledge and agree that the PC is, and shall remain throughout the term hereof, the owner, operator and conductor of the Practice, with sole control over the Practice and sole authority and responsibility for owning, operating, conducting and maintaining the Practice. PC acknowledges and agrees that Manager does not, and shall not, own, operate, conduct, maintain or control the Practice or Offices. PC shall be solely responsible for and have full authority and control over the practice of medicine, the practice of nursing and the provision of medical phototherapy, medical and patient care by or at the Practice and other aspects of the clinical practice of medical phototherapy, including: (i) the control of a patient's medical records, including determining the contents thereof; (ii) the selection, oversight, and hiring/firing (as it relates to clinical competency or proficiency) of Clinical Staff; (iii) setting the parameters under which Clinical Staff will enter into contractual relationships with third-party payers; (iv) final decisions regarding coding and billing procedures for patient care services; (v) approving of the selection of medical equipment and medical supplies for the Practice; (vi) the determination of fees for such care, goods and services; (vii) diagnostic tests, treatment plans, clinical necessity and course of care and the necessity and appropriateness of the foregoing; (viii) hours of operation and scheduling of patients and Clinical Staff, including determining how many patients Clinical Staff must see in a given period or how many hours a Clinical Staff member must work; (ix) determining the need for referrals to or consultation with another healthcare provider; (x) equipment and supplies used in treating each patient; (xi) determining fees charged by the PC for Special Services provided; and (xii) any and all other matters included within the definition of "medicine," "nursing," "the practice of medicine" and "the practice of nursing" under the Medical Regulations.

(b) Employment or Contracting of Staff. PC will employ, lease or contract with Clinical Staff working in the Practice or Offices. PC will have full authority and control over the supervision and professional direction of all Clinical Staff personnel employed, leased or contracted by PC, and all professional and employment-related decisions related to such Clinical Staff, including selection, hiring, compensation, promotion, demotion and termination. PC shall be responsible for the actions of the Clinical Staff and shall cause them to comply with PC's obligations under this Agreement.

(c) Licenses, Permits and Annual Reports. As the owner, operator and conductor of the Practice, PC is and will be responsible for ensuring that (i) each of the Clinical Staff providing services on behalf of PC holds an unrestricted license to practice medicine or practice nursing, as applicable, in the State, (ii) PC prepares and files with the appropriate governmental authority all applicable annual reports and similar documentation, and (iii) PC and its medical offices have such licenses, permits and authorizations as are necessary or appropriate to operate the Practice under applicable

laws. PC is and will be responsible for ensuring that all continuing education requirements are met by the Clinical Staff.

(d) Notice of Certain Events. PC will give prompt written notice to Manager of any of the events described in Section VII. f and any disciplinary, malpractice, enforcement, revocation or other actions, proceedings, inquiries, subpoenas, civil investigative demands or investigations initiated against PC or any Clinical Staff, as well as the underlying facts and circumstances. In addition, if (during the term hereof or thereafter) PC receives notice of, or a request to disclose books, documents or records for, an audit, investigation or other review by any governmental or non-governmental healthcare payment program with respect to this Agreement or any billing, reimbursement, payment, coding or provision of goods or services that occurred during the term of this Agreement, PC will promptly notify Manager of the nature and scope thereof and will make available to Manager, upon request, all such books, documents or records.

(e) Patient Records. PC is and will be responsible for creating and causing its Clinical Staff to create patient records with respect to professional medical phototherapy services and treatment provided to patients in the Practice, in a form and manner as required by the Medical Regulations or other applicable law and that is sufficiently documented so as to obtain payment for such services from patients, insurance payors, governmental plans, and other third parties having responsibility for payment. The patient records will be maintained in accordance with applicable law, and the parties acknowledge and agree that such patient records shall be and remain the property of PC and under the control of PC and/or Clinical Staff if required by applicable law. If Manager stores any such patient records on behalf of PC pursuant to this Agreement (in physical or electronic format), such patient records will remain subject to the control of PC and its Clinical Staff as required by applicable law and Manager will provide PC with access to such patient records during regular business hours promptly upon reasonable request. For purposes of complying with HIPAA (as defined in Section IX. b) and other applicable laws, Manager and PC shall sign a Business Associate Agreement (a form of which is attached hereto as Attachment 4). Manager and PC agree that Manager shall have the right to create, receive, maintain, and transmit deidentified information and data.

(f) Insurance.

(i) Manager shall obtain and maintain on PC's behalf PC shall obtain and maintain appropriate policies of comprehensive general liability insurance of at least One Million Dollars (\$1,000,000) per Occurrence and Two Million Dollars (\$2,000,000) in Aggregate, workers compensation insurance sufficient to comply with law, and professional medical liability insurance covering all activities of PC directly or indirectly relating to PC with limits of at least One Million Dollars (\$1,000,000) per Occurrence and Three Million Dollars (\$3,000,000) in Aggregate.

(ii) If permitted by the insurance company providing the coverage required hereunder, Manager shall cause Manager and THE ARRAY GROUP, LLC, to be named as additional insureds on the comprehensive general liability policies, errors and omissions liabilities policies, and professional liability insurance policies specified in Section IV.f.i. above, and provide certificates of insurance evidencing same to PC and THE ARRAY GROUP, LLC and said certificates shall provide, if agreed by the insurance carrier, that prior to any cancellation or change in the underlying insurances during the policy period, the insurance carrier shall first give thirty (30) calendar days written notice to Manager.

(g) Internal Management of PC. Except for the payment of fees as set forth in this Agreement, PC is and will be responsible for its qualification to conduct business in all jurisdictions where such qualification may be necessary, and for maintaining itself in good standing in each such jurisdiction. In addition, PC is and will be responsible for its internal management and control.

(h) Appointment of a Medical Director. PC acknowledges and agrees that the Practice may be required to operate with a designated "Medical Director." If required, PC shall obtain the services of a Medical Director who satisfies the criteria established by law or third-party payors, including but not limited to having a license to practice medicine. PC shall obtain the services of the Medical Director and the Medical Director shall be one of the "Clinical Staff" for purposes of this Agreement. The degree of involvement of the Medical Director in the operations of the Clinic is subject to state law and PC shall be responsible for ensuring that the operations of the Clinic and the relationship of other Clinical Staff and the Medical Director comply with such laws.

V. Non-Solicitation, Unfair Competition, and Outside Activities.

(a) In Term Covenant Against Unfair Competition. PC and each Owner each agree that they will not during the term of this Agreement:

(i) own, maintain, operate, engage in, franchise or license, advise, make loans to, or have any controlling or non-controlling interest as a partner, owner, officer, executive, managerial employee, director, sales person, or consultant for - whether of record, beneficially, or otherwise - in a Competitive Business (defined below), wherever located or operating (except that equity ownership of less than Five Percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph); or

(ii) become a franchisee or licensee of any Competitive Business; or

(iii) perform any other act injurious or prejudicial to the goodwill associated with the Franchisor Intellectual Property; or

(iv) solicit, divert or attempt to solicit or divert any patient or client that has done business with or has been a patient or client of the Practice at any time during the term of this Agreement, to any Competitive Business; or

(v) use any vendor relationship established through its association with Manager for any purpose other than to purchase supplies, products, equipment, merchandise, or services for use or retail sale in the Practice.

(b) Post-Term Covenant Against Unfair Competition Upon termination or expiration of this Agreement, for any reason, or upon the date that an Owner the entirety of its interest in the Practice to another person or party (together the "**Termination Date**"), the PC and the Owners agree that, for two (2) years beginning on the later to occur of (i) the Termination Date or (ii) the date on which all persons restricted by this subsection begin to comply with this subsection or (iii) if legal proceedings are necessary to enforce this Agreement, the date of entry of an order by a court of competent jurisdiction or arbitrator enforcing the Agreement, the PC and the Owners, or through, on

behalf of, or in conjunction with any person, persons, partnership, corporation, limited liability company, or other entity, will not do any of the following in the Restricted Territory (defined below):

(i) own, maintain, operate, engage in, franchise or license, advise, make loans to, or have any controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or be or perform services as a partner, director, manager, managerial employee, consultant, or sales person for any Competitive Business; provided, however that equity ownership of less than Five Percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Article V.

(ii) engage in any Competitive Business as an employee, consultant, or independent contractor in any capacity in which such person would be in a position to use or disclose proprietary information of the Franchisor Intellectual Property;

(iii) solicit, divert, or induce or attempt to solicit, divert, or induce for, or on behalf of, any Competitive Business any person or entity who was an employee of, independent contractor to, consultant to, or other service provider to the Practice or Manager as of the Termination Date or who was an employee of, independent contractor to, consultant to, or other service provider to the Practice or Manager during the one (1) year period prior to the Termination Date, to work for the Competitive Business; or

(iv) solicit, divert, induce or attempt to solicit, divert, or induce any person or entity who is an employee of, independent contractor to, consultant to, or other service provider to THE ARRAY GROUP, LLC, THE ARRAY GROUP, LLC's affiliates, or other ARRAY SKIN THERAPY franchisees to terminate or alter in any way its, his, or her relationship with THE ARRAY GROUP, LLC, THE ARRAY GROUP, LLC's affiliates, or other ARRAY SKIN THERAPY franchisees, on behalf of any Competitive Business, to work for any Competitive Business; or

(vi) solicit, divert, or attempt to solicit or divert to any Competitive Business any patient to which the PC or Manager sold any product or for which the Practice or Manager performed any service at any time within the one (1) year period prior to the Termination Date or any prospective patient or client that the Practice or Manager called on at any time or had any communications within the one (1) year period prior to the Termination Date.

(c) Definitions. For purposes of this Article V, the following definitions shall apply:

(i) The term "**Competitive Business**" means, other than an ARRAY SKIN THERAPY business authorized to operate under a franchise agreement with THE ARRAY GROUP, LLC, (i) any clinic, practice, or business, other than an ARRAY SKIN THERAPY business authorized to operate under a franchise agreement with THE ARRAY GROUP, LLC, that offers or provides (1) medical phototherapy services, (2) medical dermatology services, (3) management services for a medical phototherapy clinic or dermatology clinic, or (4) any other product or service or management services that are similar to the services and products authorized to be offered, sold or provided under the Marks and the System by the Clinic; or (ii) any business granting franchises or licenses to others to operate the type of business specified in subparagraph (i).

(ii) The term “**Restricted Territory**” means the following:

(1) An area which combined includes the areas that are within a twenty (20) mile radius of the Office or any other ARRAY SKIN THERAPY businesses; or

(2) Only in the event the foregoing is determined by a court of law to be too broad, an area within a twenty (20) mile radius of the Office; or

(3) Only in the event the foregoing is determined by a court of law to be too broad, an area within a ten (10) mile radius of the Office; or

(4) Only in the event the foregoing is determined by a court of law to be too broad, the Office.

(d) The parties agree that the foregoing covenants contained in this Article V contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the Manager’s goodwill or other business interest and the interest of other ARRAY SKIN THERAPY franchisees, and the provisions do not prevent PC or the Owner(s) from earning a living.

VI. Representations, Warranties and Covenants

(a) PC and each Owner each represents and warrants to Manager as follows:

(i) Organization and Qualification. PC is and during the term of this Agreement shall be organized and validly existing as a professional medical corporation and in good standing under the laws of the State and has and will have the power and authority to own, operate and use its assets and engage in the practice of medicine or practice of nursing, as applicable, in the State. All of the shares of capital stock and other equity and ownership interests of PC are and during the term of this Agreement will be held beneficially and of record by the Owners, who are duly licensed to practice medicine or nursing in the State without restriction.

(ii) Authority. PC has the power and authority to sign, deliver and perform this Agreement and each of the Related Agreements, each of which has been authorized by all necessary corporate action on the part of PC. This Agreement and each of the Related Agreements has been signed and delivered by PC and is a valid and binding obligation of PC, enforceable against it in accordance with its terms, except as enforcement hereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors’ rights generally and general legal principles governing the availability of equitable remedies.

(iii) No Conflicts, Defaults or Violations. Neither the execution or delivery of this Agreement or any of the Related Agreements nor the performance by PC of its obligations hereunder or thereunder will (1) breach, conflict with, or constitute a default under PC’s governing or organizational documents, or any material contract, lease, note or other agreement to which PC is a party, (2) result in the creation or imposition of liens in favor of any third person or entity, or (3) violate any of the Medical Regulations or other applicable law or order.

(iv) No Pending Actions. There is no action, suit, proceeding, investigation or litigation outstanding, pending or, to the best of PC's knowledge, threatened, affecting PC other than routine patient collection matters and professional liability cases adequately covered by insurance.

(v) Good Standing. PC represents and warrants that each Clinical Staff member employed or contracted by PC is as of the date hereof, and shall at all times during the term hereof be and remain: duly licensed to practice medicine or practice nursing within the States and every other state in which the Clinical Staff member practices medicine or practices nursing, all without limitation, restriction or condition whatsoever.

(vi) Insurance. PC represents and warrants that each Clinical Staff member employed contracted by PC is as of the date here, and shall at all times during the term hereof be and remain covered by policies that are in compliance with the insurance requirements set forth in Section IV. F hereof.

(b) Contracting Clinical Staff. PC represents and warrants that it and each Clinical Staff member contracted by it to provide medical services to patients shall (i) comply with all applicable governmental laws, regulations, ordinances, and directives and (ii) perform his or her work and functions at all times in strict accordance with currently approved methods and practices in the appropriate field; (iii) not have been excluded, debarred, or suspended in any way from participation in the Medicare or Medicaid programs, or from participation in the provision of Specialty Services to any commercial payor or its patients.

(c) Representations, Warranties and Covenants of Manager. Manager represents, warrants and covenants with PC and Owners as follows:

(i) Organization and Qualification. Manager is and during the term of this Agreement shall be organized and validly existing and in good standing under the laws of the State and has and will have the power and authority to own, operate and use its assets and engage in the operation of its business.

(ii) Authority. Manager has the power and authority to sign, deliver and perform this Agreement and each of the Related Agreements, each of which has been authorized by all necessary corporate action on the part of Manager. This Agreement and each of the Related Agreements has been signed and delivered by Manager and is a valid and binding obligation of Manager, enforceable against it in accordance with its terms, except as enforcement hereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights generally and general legal principles governing the availability of equitable remedies.

(iii) No Conflicts, Defaults or Violations. Neither the execution or delivery of this Agreement or any of the Related Agreements nor the performance by Manager of its obligations hereunder or thereunder will (i) breach, conflict with, or constitute a default under Manager's governing or organizational documents, or any material contract, lease, note or other agreement to which Manager is a party, (ii) result in the creation or imposition of liens in favor of any third person or entity, or (iii) violate any applicable law or order.

(iv) No Pending Actions. There is no action, suit, proceeding, investigation or litigation outstanding, pending or, to the best of Manager's knowledge, threatened, affecting Manager.

VII. Term and Termination

(a) Term. The initial term of this Agreement will be for a period of ten (10) years, commencing as of the Effective Date, unless earlier terminated and will automatically renew for a first renewal term of five (5) years if neither party has notified the other party in writing at least six (6) months prior to the expiration of the then-current term of its intention not to renew. After the first renewal term, this Agreement will automatically renew for a second renewal term of five (5) years if neither party has notified the other party in writing at least six (6) months prior to the expiration of the then-current term of its intention not to renew. The initial term and the renewal terms of this Agreement are referred to as the "**Term.**" The provisions of Section V. d, Article VII, Section VIII. a and Articles IX, X, and XI and any provisions which expressly extend beyond the termination or expiration of this Agreement, shall survive any termination or expiration of this Agreement.

(b) Termination by Either Party Upon Material Breach by Other Party.

(i) Either party ("**Terminating Party**") may terminate this Agreement if the other party ("**Breaching Party**") materially breaches this Agreement or materially defaults in the performance of the Breaching Party's obligations under this Agreement, and the Breaching Party fails to cure such material breach or default within thirty (30) days (or ten (10) days with respect to the payment of money) after the date on which the Terminating Party gives the Breaching Party written notice specifying in reasonable detail the nature, facts and extent of such breach or default (which written notice must be given within ninety (90) days following the date on which the Terminating Party becomes aware of such breach or default); provided, however, that, if such breach or default (other than a breach or default with respect to the payment of money) is not reasonably capable of being cured within such 30-day period due to the inherent nature of the breach or default (without regard to the Breaching Party's financial position, resources or capabilities), and the Breaching Party commences such cure within the 30-day period and acts diligently to cure such breach or default, then the Breaching Party shall have such additional period of time as may be reasonably necessary to effect and complete such cure, and the Terminating Party may not terminate this Agreement pursuant to this subsection (a) with respect to such breach or default during such period or if such breach or default is cured during such period.

(ii) If the parties disagree as to the existence of a breach or default which gives rise to termination as provided in this Section or whether such breach or default has been cured, then the parties will resolve the disagreement in accordance with Article X hereto, and this Agreement will not be terminated pursuant to this Section with respect to such breach or default or alleged breach or default during the period of such dispute resolution, and the parties shall continue to perform under this Agreement during such period.

(c) Termination by PC. This Agreement may be terminated by PC only for failure of Manager to reasonably cure a material breach of this Agreement or upon the mutual agreement of PC and Manager.

(d) Termination upon PC Bankruptcy. Manager may terminate this Agreement immediately upon notice to PC if PC applies for or consents to the appointment of a receiver, trustee or liquidator of all or a substantial part of its assets, files a voluntary petition in bankruptcy, makes a general assignment for the benefit of creditors, files a petition or answer seeking reorganization or arrangement with creditors, or if any order, judgment or decree is entered by any court of competent jurisdiction on the application of a creditor or otherwise adjudicating such party bankrupt or approving a petition seeking reorganization of such party or appointment of a receiver, trustee or liquidator of such party or of all or a substantial part of its assets and such order, judgment or decree continues unstayed and in effect for 60 calendar days after its entry. Termination under this Section will be effective automatically and immediately upon the giving of written notice of termination by Manager.

(f) Termination by Manager for Cause. Manager may terminate this Agreement at any time upon written notice to PC if any of the following shall occur:

(i) The license of the Medical Director or any Owner to practice medicine or practice nursing in the state, as applicable, in the State is revoked, terminated, materially limited or suspended, or the license of Medical Director or any Owner to practice medicine or practice nursing in any other state is revoked, terminated, materially limited or suspended, and such action precludes Medical Director or any Owner from being able to perform the administrative services;

(ii) PC, the Medical Director, or any Owner materially breaches or fails to perform any material obligation required under this Agreement or any other agreement entered into by or among PC, the Medical Director, Owners and/or Manager in connection with this Agreement (collectively, the “**Related Agreements**”), and fails to cure such breach or failure within the cure period (if any) provided for therein;

(iii) Any of the PC, Owners, or Medical Director is indicted for, convicted of or pleads guilty or no contest to any felony or other crime punishable by imprisonment or any crime of moral turpitude, dishonesty, theft or any other conduct that could reasonably be expected to impair the reputation of Manager;

(iv) Any of the PC, Owners, or Medical Director has engaged in any act of embezzlement, theft, dishonesty or fraud upon Manager or any payor or patient;

(v) Any of the PC, Owners, or Medical Director is excluded, debarred or suspended from participation, or otherwise becomes ineligible to participate, in any governmental or non-governmental health care program or plan;

(vi) Manager determines that the Medical Director or any of the Owners has engaged in any form of drug or alcohol abuse, has violated any applicable employment-related laws (including those relating to discrimination or harassment), or otherwise engages in any conduct that is materially disruptive or injurious to the Practice;

(vii) Any of the PC, Owners, or Medical Director is unable or fails to obtain, maintain, or otherwise qualify for professional liability insurance;

(viii) Any of the PC, Owners, or Medical Director is unable to qualify for credentialing, or is notified of a termination or rejection of credentials, or otherwise fails to meet participation requirements, with any insurance provider or carrier;

(ix) Any of the PC's, Owners', or Medical Director's unauthorized or unpermitted attempted assignment of this Agreement or any of the Related Agreements, or of any other delegation of its or his/her rights and/or obligations hereunder or thereunder; or

(x) the Franchise Agreement between Manager and THE ARRAY GROUP, LLC terminates, transfers, does not renew, or expires; or

(xi) The PC is no longer permitted to operate under State law due to a change in the composition of the Owners.

(f) Assignment. Manager has entered into this Agreement and is willing to incur the expense and risks involved in providing Business Services to and making expenditures on behalf of PC in part because the Owners own the PC. Accordingly, the parties agree that:

(i) Any actual or attempted transaction or series of related transactions that, directly or indirectly, voluntarily or by operation of law that results or, if completed would result, in (i) the sale, assignment, transfer, pledge, gift, encumbrance or alienation of any interest in this Agreement; (ii) a change in ownership of a controlling interests of PC; (iii) the death or disability of an Owner; or (iv) the offer to sell or sale of a majority of assets of the PC will each be considered an assignment of this Agreement by PC.

(ii) No party shall directly or indirectly assign this Agreement except with the prior written approval of the other party(ies). Upon the proper assignment and assumption, the assigning party shall have no further obligation to the other party(ies).

(iii) If any Owner determines to sell, transfer, or assign a portion of his stock or other ownership interests in PC, or PC determines to issue any stock or other ownership interests in PC, then any proposed new owner must be accepted by Manager and must meet Manager's qualifications, including holding active license to practice medicine in the State without restriction. If Manager does not accept the new owner, then the proposed sale, transfer, or assignment shall not occur.

(i) Effects of Termination. Upon any expiration or termination of this Agreement:

(i) All outstanding Service Fees and other amounts owing by PC to Manager earned through the date of expiration or termination shall immediately become due and payable to Manager by PC. The parties shall continue to perform any obligations accrued prior to the termination, including payment by PC of the Service Fees accrued or arising prior to the termination of this Agreement, and repayment of all outstanding loans and advances and related interest, premiums and penalties, and any obligations, promises or covenants set forth in this Agreement that are expressly made to extend beyond the term, including indemnification, which provisions shall survive the expiration or termination of this Agreement for any reason.

(ii) Termination will not affect any liability or obligation that has accrued to any party prior to such termination, and will not constitute an election of remedies by the

terminating party nor a waiver by such party of any right, benefit, remedy or relief to which the terminating party may be entitled at law, in equity or under this Agreement.

(iii) In addition, the parties will cooperate with each other and carry out any provisions of this Agreement that are reasonably necessary to wind up the contractual relationship between the parties, including taking the following actions as of the date of the termination or expiration of this Agreement:

(1) PC will immediately discontinue the use of and will promptly return to Manager all Franchisor Intellectual Property and all other confidential or proprietary information, manuals and other materials of, associated with or respecting Manager or the Franchisor Intellectual Property, and will immediately cease to use all software provided or arranged for by Manager and return all copies of such software and all related documentation and computer programs and any copies thereof;

(2) Manager will immediately discontinue the use of and will promptly return to PC all PC Intellectual Property and any other confidential or proprietary information of PC that is in the possession of Manager;

(3) Both parties shall cooperate to ensure the appropriate billing and collections for goods and services rendered by PC prior to the termination, and any such collections will be billed, collected, deposited and disbursed by Manager as specified in Article III hereof;

(4) PC and the Owner(s) will immediately vacate, surrender and deliver each Office to Manager, together with all improvements, Equipment, furnishings and other assets and property therein provided or made available by Manager, in the same order and condition as when received, ordinary wear and tear excepted;

(5) PC shall reimburse, pay, indemnify and hold harmless Manager for all rent, operating costs or other amounts payable under each lease agreement under which the Office premises are leased with respect to the remainder of the term thereof, and any breach or default of each such lease agreement and related damages and losses relating to or arising out of expiration or termination of this Agreement (including the failure to maintain an active business or operation in the leased premises);

(6) The parties will cooperate with each other in good faith with respect to necessary changes to advertisements and signage regarding the Practice;

(7) Subject to HIPAA and other applicable law, Manager will be provided access, at reasonable times and upon reasonable request, to the patient records of the Practice for a period not shorter than the applicable statute of limitations for any claim that may be asserted against Manager arising from its activities or operations of the Practice during the term hereof;

(8) PC, Manager and the Owner(s) shall cooperate to ensure the continuation of appropriate health care to patients of the Practice; and

(9) The PC and Owner(s) shall comply with the covenants set forth in Articles V and IX.

(10) Manager shall be entitled to recover out of the Practice's bank account(s) or Manager's bank account(s) from PC all fees, and any and all advances and other charges owed to Manager that had accrued but were unpaid as of the date of termination.

VIII. Indemnification.

(a) Liability for Obligations. Except for Service Fees payable by PC and debt, liabilities or obligations incurred by Manager on behalf of PC and except for the indemnification rights below, neither party shall be liable or responsible for any debt, liability, taxes or obligation of the other party unless such liability or responsibility is expressly assumed by the party sought to be charged therewith.

(b) Indemnification by Manager. Manager shall indemnify, defend and hold harmless PC and its shareholder(s), officers and directors from and against any and all loss, damage, claim, obligation, liability, cost and expense (including reasonable attorneys' fees), of any kind or character (each, a "**Loss**"), arising out of or in connection with (a) any intentional misconduct or grossly negligent act or omission of Manager; or (b) any breach of this Agreement by Manager.

(c) Indemnification by PC. PC shall indemnify, defend and hold harmless Manager and its stockholders, directors, officers, managers, employees, agents and affiliates from and against any Loss arising out of or in connection with (a) any intentional misconduct or negligent act or omission of PC; (b) the provision or performance of medical, nursing, and medical phototherapy services or procedures by PC or its employees or independent contractors, or any other claims of third parties not relating directly to the provision by Manager of the Business Services contemplated in this Agreement; or (c) any breach of this Agreement by PC.

(d) Notice of Claim. Any party seeking to be indemnified hereunder ("**Indemnified Party**") shall give prompt written notice to the party from whom indemnity is sought (the "**Indemnifying Party**") upon the Indemnified Party obtaining actual knowledge of the applicable Loss or threat of a Loss, specifying in reasonable detail the nature of the Loss (to the extent then known). The Indemnified Party shall provide to the Indemnifying Party as promptly as practicable thereafter all information and documentation reasonably requested by the Indemnifying Party to verify the claim asserted; however, any delay or failure in giving such notice or providing such information and documentation shall not relieve the Indemnifying Party of its obligations hereunder except to the extent it shall have been materially prejudiced by such delay or failure.

IX. Confidentiality; HIPAA Compliance; IP

(a) Confidential Information. The parties acknowledge that each party may have access to certain information and documentation of the other party that is confidential and constitutes valuable, special and unique property. Each party warrants and covenants to the other party that such party will not at any time (either during or subsequent to the term of this Agreement), disclose, use, copy or permit to be copied any confidential or proprietary information or trade secrets of such other party, except (i) with the other party's express prior written consent, (ii) as required by law, court order or legal process, (iii) as necessary to enforce the terms of this Agreement, (iv) subject to HIPAA or other applicable law, as necessary to comply with the terms of Manager's franchise

agreement, (v) disclosure in confidence to such party's owners, directors, officers, employees, attorneys, accountants, advisors, affiliates and other representatives, or (vi) subject to HIPAA or other applicable law, by Manager in connection with providing Business Services under this Agreement, compiling data or information related to the Practice and other practices for which Manager or its affiliates provide services and providing such data and information to such practices, or any other bona fide business purpose, such as disclosure in confidence to Manager's or its affiliates' investors, lenders or third-party purchasers. Each party acknowledges that the other party does not have an adequate remedy at law for a breach of this Section IX. a by such party, will suffer irreparable harm in the event of such breach and that, therefore, such other party shall be entitled to seek injunctive and other equitable relief for the enforcement of this Section without posting bond or proving actual damages. PC agrees to cause its Clinical Staff who have access to Manager's confidential information to enter into similar covenants of confidentiality, if required by Manager.

(b) HIPAA Compliance. In connection with this Agreement and provision of the Business Services hereunder, the parties agree to comply with the Health Insurance Portability and Accountability Act of 1996 and any current and future regulations promulgated thereunder, including the federal privacy regulations, security regulations and standards for electronic transactions thereunder, all as amended from time to time (collectively, "**HIPAA**"), and any applicable state laws and regulations that govern the confidentiality, privacy or security of health care information. Simultaneously with PC signing and delivering this Agreement, each of the parties shall sign and deliver a business associate agreement in form and substance mutually acceptable to PC and Manager. The parties agree to enter into further agreements from time to time as necessary to comply with HIPAA. Additionally, PC agrees and acknowledges that certain information, including protected health information, may be transmitted by Manager to THE ARRAY GROUP, LLC in accordance with the terms of Manager's franchise agreement and the terms of a subcontractor business associate agreement.

(c) Intellectual Property.

(i) Franchisor Intellectual Property. Manager licenses from THE ARRAY GROUP, LLC certain intellectual property rights that are used in the operation of its business, including certain logos, trademarks, trade names, service marks, manuals, proprietary documentation, know-how, and other intellectual property licensed by Manager from THE ARRAY GROUP, LLC (collectively, the "**Franchisor Intellectual Property**"). PC acknowledges and agrees that all proprietary rights, ownership and goodwill in the Franchisor Intellectual Property will remain subject to Manager's license of same from THE ARRAY GROUP, LLC. PC covenants and agrees that it will not assert any ownership claim to any Franchisor Intellectual Property. If, by operation of law or otherwise, PC is or may be deemed to or appears to own any property rights in the Franchisor Intellectual Property, PC will, at Manager's or THE ARRAY GROUP, LLC 's request, sign any and all documents necessary to assign such rights to THE ARRAY GROUP, LLC and to confirm or otherwise establish THE ARRAY GROUP, LLC's rights therein. PC will fully cooperate with Manager and THE ARRAY GROUP, LLC in protecting all rights in and to the Franchisor Intellectual Property. The parties hereby recognize and agree Manager has a confidentiality obligation regarding components of the Franchisor Intellectual Property. PC and Owners agree that to the extent that such confidential information is shared with them that they shall not publish, disclose, divulge or communicate such confidential information to any person without the authorization of Manager.

(ii) PC Intellectual Property. PC is the owner of certain intellectual property rights that are used in the operation of the Practice, including (collectively, the “**PC Intellectual Property**”). Manager acknowledges and agrees that all proprietary rights, ownership and goodwill in the PC Intellectual Property will inure and remain as the property of PC. Manager covenants and agrees that it will not assert any ownership claim to any PC Intellectual Property. If, by operation of law or otherwise, Manager is or may be deemed to or appears to own any property rights in the PC Intellectual Property, Manager will, at PC’s request, sign any and all documents necessary to assign such rights to PC and to confirm or otherwise establish PC’s rights therein. During the Term of this Agreement PC will not license a third party to use the PC Intellectual Property in any manner whatsoever without the prior approval of Manager. Manager will fully cooperate with PC in protecting all rights in and to the PC Intellectual Property.

(iii) Inventions, Concepts, and Ideas. All works, discoveries and developments, whether or not copyrightable, relating to the Manager’s present, past or prospective activities, services and products (“**Inventions**”) which are at any time conceived or reduced to practice by PC, Owner(s), and/or any of its Clinical Staff, acting alone or in conjunction with others, in connection with the Manager’s management of the PC or, during the course of PC’s employment or engagement of Clinical Staff (or, if based on or related to any Confidential Information, made by PC and/or any of the Clinical Staff during or after such management by Manager or employment or engagement by PC) and all concepts and ideas known to PC, Owner(s) or any Clinical Staff at any time during Manager’s management of PC which relate to the Manager’s present, past or prospective activities, services and products (“**Concepts and Ideas**”) or any modifications thereof held by or known to PC and/or any Owner(s) on the date of this Agreement or acquired by PC and/or any Clinical Staff during the term of this Agreement shall be the property of Manager, free of any reserved or other rights of any kind on PC and/or any Clinical Staff’s part with respect thereto, and PC, Owner(s) and/or any such Clinical Staff hereby assigns all rights therein to Manager. PC, Owner(s), and/or its Clinical Staff shall promptly make full disclosure of any such Inventions, Concepts and Ideas or modifications thereof to Manager. Further, PC, Owner(s), and/or its Clinical Staff shall, promptly execute formal applications for copyrights and also do all other acts and things (including executing and delivering instruments of further assurance or confirmation) deemed by Manager to be necessary or desirable at any time or times in order to effect the full assignment to the Manager of PC’s, Owner(s), and/or its Clinical Staff’s rights and title to such Inventions, Concepts and Ideas or modifications, without payment therefor and without further compensation. In order to confirm Manager’s rights, PC, Owner(s) and/or its Clinical Staff will also assign to the Manager any and all copyrights and reproduction rights to any written material prepared by PC, Owner(s) and/or its Clinical Staff in connection with the Manager’s management of the PC and/or its Clinical Staff employment or engagement by the PC. PC, Owner(s) and/or its Clinical Staff further understand that the absence of a request by Manager for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the rights of Manager under this Agreement. This Agreement shall not be construed to limit in any way any “shop rights” or other common law or contractual rights of the PC, Owner(s) or the Manager in or to any Inventions, Concepts and Ideas or modifications which the Manager has or may have by virtue of the Manager’s management activities hereunder or the PC’s engagement of its Clinical Staff.

X. Dispute Resolution

(a) Dispute Resolution.

(i) If any such disagreement, difference of opinion or Dispute (defined below) does arise, then the parties agree to promptly communicate with each other to discuss the disagreement, difference of opinion or Dispute and the parties' respective concerns and points of view. The parties will attempt, in good faith for a period of at least 60 days, to address the concerns and resolve the disagreement, difference of opinion or Dispute in an amicable manner. All such discussions or negotiations shall be treated as confidential and compromise and settlement negotiations for purposes of applicable rules of evidence.

(ii) For purposes of this Agreement, "Dispute" means any dispute, claim or controversy between the parties or among the parties and any Owner with respect to, that arises out of or that relates to this Agreement, any of the Attachments hereto, any of the Related Agreements or any of the arrangements provided for herein or therein (including any renewals, extensions or modifications thereof), whether arising in contract, tort or by statute and including any dispute, claim or controversy concerning the existence, validity, interpretation, enforceability, performance, breach or termination of this Agreement, the validity or enforceability of this Article X and all claims of arbitrability.

(iii) If (i) the Dispute is not resolved as a result of the resolution efforts undertaken in the 60-day period and the parties have not mutually agreed in writing to another course of action to resolve such Dispute, then within 30 days after the written demand of either party, or (ii) a party fails to engage in discussions, and the parties have not mutually agreed in writing to another course of action to resolve such Dispute, then within 30 days after the written demand of the other party, the Dispute shall be submitted to nonbinding mediation with a single mediator administered by the American Health Lawyers Association ("AHLA") or its successor under the AHLA Alternative Dispute Resolution Service rules of procedure for mediation in effect at the time the mediation commences, before resorting to arbitration. The mediator shall be selected and appointed in accordance with such AHLA rules and the terms of this Agreement. Each party will bear and pay equally the fees and expenses of AHLA and the mediator associated with the mediation, and each party will bear its own attorneys' fees, costs and other expenses in connection with the mediation.

(iv) If the Dispute is not resolved in the course of such mediation, then upon the written demand of either party, such Dispute shall be submitted to and finally resolved by binding arbitration administered by the AHLA or its successor in accordance with the AHLA Alternative Dispute Resolution Service rules of procedure for arbitration in effect at the time the arbitration commences and the terms of this Article X. The arbitration shall be conducted before one arbitrator unless the parties involved in the Dispute agree in writing to a different number of arbitrators within ten days after the written demand for arbitration is made. The arbitrator(s) shall be selected and appointed in accordance with such AHLA rules. The same person may not serve both as the mediator and the arbitrator.

(v) The arbitrator(s) will give effect to applicable statutes of limitation in determining any Dispute and may dismiss the arbitration on the basis that the Dispute is barred by such statutes of limitation. For purposes of the application of any statutes of limitation, the filing with the AHLA under applicable AHLA Alternative Dispute Resolution Service rules of procedure for arbitration of a demand for arbitration is the equivalent of the

filing of a lawsuit. Any Dispute concerning this Article X or whether a Dispute is arbitrable shall be determined by the arbitrator(s).

(vi) The arbitrator(s) may award any appropriate remedy, including monetary damages, injunctive relief or other equitable relief; provided, that the arbitrator may not award punitive, exemplary, treble or other multiple damages. The award shall be in writing and shall be final and binding on the parties. The award may include interest, as determined by the arbitrator(s), from the date of any default, breach or other accrual of a Dispute until the arbitral award is paid in full. The arbitration shall be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

(vii) Each party will bear and pay equally the fees and expenses of AHLA and the arbitrator(s) associated with the arbitration, and each party will bear its own attorneys' fees, costs and other expenses in connection with the arbitration.

(viii) Each of the parties hereto irrevocably and unconditionally consents to the exclusive jurisdiction of AHLA to resolve all Disputes subject to arbitration under this Agreement. Each party further irrevocably waives any objection to proceeding before AHLA based upon lack of personal jurisdiction or to the laying of venue and further irrevocably and unconditionally waives and agrees not to make a claim in any court that arbitration before AHLA has been brought in an inconvenient forum. Each of the parties hereto hereby consents to service of process by registered mail at the address to which notices are to be given.

(ix) If the arbitrator(s) determines that the Agreement or any part thereof (whether the Agreement itself or together with the other relationships between or involving the parties or any Owner(s)) are illegal, invalid, unenforceable, void or voidable, then the arbitrator(s) shall determine and effect an equitable modification of the Agreement (including a new service arrangement or basis for compensation to Manager for Business Services provided pursuant to the Agreement) that complies with applicable law and that approximates as closely as possible the economic arrangements and position of the parties hereunder.

(x) The location of the mediation or arbitration, as applicable, shall be _____.

(b) Equitable Remedies. The procedures set forth in this Article X shall be the sole and exclusive procedure for the resolution of Disputes; provided, however, that either party may file an action in a court of law or equity to obtain an injunction or other equitable remedy without submitting such matter to mediation, arbitration or the other procedures set forth in this Article X. The filing of such a court action by a party is not intended to constitute a waiver of its right to require submittal of the Dispute to mediation or arbitration, and neither party shall attempt to enjoin the arbitration or arbitration proceedings or the enforcement of the arbitral award. The parties will continue to participate in good faith in the procedures set forth in this Article X during the pendency of any such court action.

(c) Waiver of Right to Trial by Jury. BY AGREEING TO BINDING ARBITRATION PURSUANT TO THIS ARTICLE X, THE PARTIES IRREVOCABLY AND VOLUNTARILY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY DISPUTE. THE PARTIES AGREE

AND UNDERSTAND THAT THE EFFECT OF THIS ARTICLE X IS THAT THEY ARE GIVING UP THE RIGHT TO TRIAL BY JURY OR CLASS ACTION.

(d) Confidentiality of Dispute Resolution Proceedings. All mediations and arbitrations hereunder are confidential and may not be disclosed by the parties, their employees, officers, directors, counsel, consultants and expert witnesses, except (a) to the extent necessary to enforce any arbitration award or to enforce other rights of a party, (b) as required by applicable law, court order or legal process, (c) disclosure in confidence to a party's owners, directors, officers, employees, attorneys, accountants, advisors, affiliates and other representatives or (d) for a bona fide business purpose, such as disclosure in confidence to a party's or its affiliates' investors, lenders or third-party purchasers; provided, however, that, breach of this confidentiality provision shall not void any arbitral award.

(e) Enforceability. Each of the parties agrees that it or he shall not make, assert, maintain or initiate, nor cause to be made, asserted, maintained or initiated, any claim, charge, demand, action, arbitration or proceeding of any type, the basis of which is, in whole or in part, that any of this Agreement, the Related Agreements or any portion thereof, or the relationships created thereby, is illegal, or that the Service Fee or other amount payable by PC to Manager under this Agreement is unreasonable, does not represent fair market value for the Business Services and other items provided by Manager, or constitutes unjust enrichment. If any party or Owner takes any action which is inconsistent with the preceding sentence, then such party or Owner shall pay all costs and expenses (including attorneys' fees) incurred by the other parties in defending such claim, which payment shall be made promptly to such other party upon its request.

XI. General Provisions

(a) No Warranties; Limitation of Liability. PC and the Owner(s) each acknowledges that Manager has not made and will not make any express or implied warranties or representations that the services provided by Manager will result in any particular amount or level of revenue or profits to PC. ALL WARRANTIES, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, WITH RESPECT THERETO ARE HEREBY WAIVED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. MANAGER'S LIABILITY TO THE PC FOR DAMAGES OR ALLEGED DAMAGES, WHETHER IN CONTRACT, TORT OR ANY OTHER LEGAL THEORY, IS LIMITED TO AND WILL NOT EXCEED THE TOTAL AMOUNT OF SERVICE FEES ACTUALLY PAID UNDER THIS AGREEMENT TO MANAGER DURING THE 12-MONTH PERIOD IMMEDIATELY PRIOR TO THE ACT OR OMISSION GIVING RISE TO THE LIABILITY AND IN NO EVENT SHALL MANAGER HAVE ANY LIABILITY TO THE PC, ANY OWNER(S) FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOSS OF PROFITS), WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

(b) Manager Loans to PC. Manager may, at its sole discretion, loan to PC funds in an amount sufficient to allow PC to meet its financial obligations. Any such loans shall bear interest at a rate that is commercially reasonable and reflects fair market value, and shall have such other terms as the parties may agree from time to time. To secure any and all amounts loaned to PC by Manager, the parties shall enter into a security agreement.

(c) Independent Contractor. The parties hereto acknowledge and agree that the relationship created between Manager and PC is strictly that of independent contractors. Nothing contained herein shall be construed as creating a partnership or joint venture relationship between

the parties. Each party hereto shall be responsible for all compensation, salaries, taxes, withholdings, contributions, benefits, and workers' compensation insurance with respect to all personnel employed or contracted by said party. Manager shall indemnify, defend and hold harmless PC and its members, officers, agents, contractors, representatives and employees from and against any and all liability, loss, damages, claims, causes of action, and expenses associated therewith (including, without limitation, attorneys' fees) caused or asserted to have been caused, directly or indirectly, by or as a result of same. The provisions of this Section shall survive the expiration or earlier termination of this Agreement.

(d) No Third Party Beneficiaries. The parties intend that the benefits of this Agreement shall inure only to Manager and PC and not to any third person, except as expressly so stated herein. Notwithstanding anything contained herein, or any conduct or course of conduct by any party hereto, before or after signing this Agreement, this Agreement shall not be construed as creating any right, claim or cause of action against either Manager or PC by any other person or entity.

(e) Entire Agreement. This Agreement, together with all attachments and schedules hereto including the recitals to this Agreement which the parties incorporate by this reference, and all documents referred to in this Agreement, constitutes the entire agreement between the parties with respect to the subject matter hereof, supersedes all other and prior agreements on the same subject, whether written or oral, and contains all of the covenants and agreements between the parties with respect to the subject matter hereof. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by the other party(ies), or by anyone acting on behalf of any party, that are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding.

(f) Use of Third Parties. Manager may use third party vendors and companies to provide many of the Business Services to be performed under this Agreement. Manager shall be fully responsible for the performance of all Business Services regardless of whether such are performed directly by Manager and its employees and personnel or through the use of other third parties. In the event of any permitted assignment, the terms and provisions of this Agreement shall be binding on the successors, heirs, and authorized assignees of the parties.

(g) Counterparts. This Agreement, and any amendments thereto, may be signed in counterparts, each of which shall constitute an original document, but which together shall constitute one and the same instrument.

(h) Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(i) Notices. Any notices required or permitted to be given hereunder by either party to the other shall be in writing and shall be deemed delivered upon personal delivery or delivery by electronic facsimile; twenty-four (24) hours following deposit with a courier for overnight delivery; or seventy-two (72) hours following deposit in the U.S. Mail, registered or certified mail, postage prepaid, return-receipt requested, addressed to the parties at the following addresses or to such other addresses as the parties may specify in writing:

If to PC:

Attention:_____

If to Manager:

Attention:_____

(j) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State without reference to the conflicts of laws principles thereof.

(k) Amendments. Any amendments to this Agreement or the Attachments hereto shall be in writing and signed on behalf of each party by any duly authorized officer thereof, and this Agreement and the Attachments hereto may not be modified or terminated orally.

(l) Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions will nevertheless continue in full force and effect, unless such invalidity or unenforceability would defeat an essential business purpose of this Agreement.

(m) Attachments. All exhibits attached to this Agreement are incorporated herein by this reference and all references herein to "Agreement" shall mean this Agreement together with all such attachments.

(n) Further Assurances. The parties shall take such actions and sign and deliver such further documentation as may reasonably be required in order to give effect to the transactions contemplated by this Agreement and the intentions of the parties hereto.

(o) Rights Cumulative. The various rights and remedies herein granted to Manager or PC shall be cumulative and in addition to any other rights Manager or PC, respectively, may be entitled to under law. The exercise of, or failure to exercise, one or more rights or remedies shall not impair the right of Manager or PC to exercise any other right or remedy, at law or equity.

(p) Force Majeure. Manager shall not be liable or deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service deemed to result, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, hurricanes, earthquakes, floods, failure of transportation, strikes or other work interruptions by Manager's employees, bankruptcy or any other similar cause beyond the reasonable control of Manager.

IN WITNESS WHEREOF, PC, Owner(s) and Manager have signed this Agreement or caused this Agreement to be signed by their duly authorized representatives, all as of the day and year first above written.

PC:

By: _____

Name: _____

Title: _____

Owner:

By: _____

Name: _____

Owner:

By: _____

Name: _____

Manager:

By: _____

Name: _____

Title: _____

Attachment 1 BUSINESS SERVICES

Manager will provide, arrange for or make available to PC under this Agreement the following Business Services with respect to the business aspects of the Practice that do not include the clinical practice of medicine or nursing. As the owner, operator and conductor of the Practice, PC is not required to use any particular Business Service and may elect use any or all of such Business Services.

(a) Manager shall provide general business management, administration and supervision for the business operations of PC, which shall include secretarial and other office personnel support services, administrative record keeping, and other similar administrative services required in the day-to-day operation of PC;

(b) Bookkeeping and financial reporting services with respect to the Practice and related operating activities of PC;

(c) Periodic provision of financial data and reports to accounting or tax professionals, as designated by PC from time to time;

(d) Management information services, including systems for patient scheduling, accounting and bookkeeping, necessary for the operation of the Practice;

(e) Billing and collection services;

(f) Administering cash disbursements with respect to the Practice, including payment of accounts payable (to the extent PC provides or makes available funds therefor);

(g) Advice and assistance in obtaining and continuing licenses and permits necessary for operation of the Practice;

(h) Advice and assistance in recruiting Clinical Staff and provide human resource management support, subject to Section IV.b of the Agreement;

(i) Advice and assistance in, and arranging for or making available, the recruitment, hiring, leasing or contracting, training, promotion, supervision and termination front desk and sales staff and other administrative, clerical, business or other non-medical providers and non-clinical staff necessary for operation of the Practice and provide human resource management support;

(j) Payroll and payroll accounting services;

(k) Lease and make available to the PC the office space necessary for operation of the Practice and the leasing, development, build-out, improvements, repairs and up-keep thereof;

(l) Providing or arranging for telephone, Internet, utilities and janitorial services necessary for operation of the Practice;

(m) Providing equipment necessary for the operation of the Practice and other business equipment, furniture, fixtures, supplies, and technology; and the repair, up-keep and replacement thereof; provided that PC shall have complete authority, custody, control and use of all medical

equipment, materials and supplies and the control and maintenance thereof during the term of the Agreement;

(n) Advertising and marketing services; provided that all advertising and marketing of services by PC will be done in accordance with all applicable governmental laws, rules, regulations, ordinances, and directives, including rules and regulations of the State medical and State nursing boards;

(o) Advice and assistance in negotiating contracts with payors and other third parties, and in credentialing with payors of medical providers and other applicable providers employed by PC (including verification of applicable licensing), each subject to the control of the Practice by PC, including the amount of fees to be charged for medical goods and services provided by or on behalf of PC;

(p) Assistance in the maintenance of, storage, and organization of files and records, subject to PC's ownership and control of patient records with respect to the Practice;

(q) Assistance in PC's licensing and preparation and filing of annual reports and tax returns required to be filed by PC with respect to the Practice;

(r) Advice and assistance in marketing, business development, and financial planning, analysis and budgeting;

(s) Advice and assistance in procuring and continuing insurance coverages necessary for operation of the Practice;

(t) Making available potential efficiencies and economies of scale through Manager's purchase of, or entry into contracts, agreements or arrangements for, marketing, advertising and other goods and services in bulk or for the benefit of PC and other practices for which Manager provides business services;

(u) Administer the patient eligibility process by maintaining and updating a current eligibility list to health plan subscribers and enrollees under any and all contracting health plans, verifying eligibility on claims and referrals based on the most current information provided by contracting health plans, and administering system for retroactive eligibility determination and assisting PC in identifying outstanding accounts receivable from ineligible patients.

(v) Identifying supplier options, negotiating supply contracts, and management of supply relationships; supervise and conduct the ordering of equipment, furniture, fixtures, supplies, technology and other services;

(w) Manage and support inbound and outbound sales processes;

(x) Assist in patient retention and follow up communications;

(y) Such other business and administrative services as may be mutually agreed upon from time to time by the parties.

Notwithstanding the delegation of management and administrative functions to Manager pursuant to this Agreement, PC and its board of directors or other governing body shall retain and exercise

ultimate control and authority over the direction, policies, management and operation of PC at all times. All professional medical phototherapy services provided to patients shall be the ultimate responsibility of PC's Clinical Staff. PC shall use its best efforts to cause its contracting Clinical Staff to cooperate with Manager in the implementation of the protocols, programs, policies, and procedures developed for PC by Manager.

Manager is hereby expressly authorized by PC to perform all services required of Manager pursuant to the terms of this Agreement in the manner Manager deems reasonable and appropriate to meet the day-to-day requirements of PC. To the extent required or desirable to enable Manager to perform such services, PC hereby appoints Manager for the term hereof as its true and lawful agent. PC acknowledges and agrees that Manager may subcontract with other persons or entities, including entities related to Manager by ownership or control, to perform any part or all of the services required of Manager hereunder.

Any additional services provided by Manager are subject to Manager's capacity and availability to provide the services so requested. Should Manager provide such additional services, PC agrees to pay Manager for such services at its then current rates as a supplemental payment to the Service Fees described herein.

Attachment 2

SERVICE FEES

In consideration of the Business Services Manager provides herein, PC shall pay Manager a monthly Service Fee equal to _____. Service Fees shall be payable not later than the fifth day of the month for Business Services provided by Manager in the preceding month.

In the event that in any month the PC's Gross Revenue is insufficient to pay fully the monthly Services Fee, the unpaid amount of the Services Fee shall accrue each month, and the PC shall be obligated to pay such amount until fully paid. The parties agree that the Services Fee represents the fair market value of the items and services provided under this Agreement. Further, the parties acknowledge that the Services Fee is not based upon, or in no way takes into account, the volume or value of referrals to the Practice or is intended to constitute remuneration for referrals, or the influencing of such referrals, to the Practice.

The expiration or earlier termination of this Agreement shall not impair or limit Manager's right to Service Fees earned hereunder prior to such expiration or earlier termination.

Attachment 3
BUSINESS ASSOCIATE AGREEMENT

[Subject to negotiation between Manager and PC]

This Business Associate Agreement ("Agreement") is entered into as of _____ ("Effective Date") by and between _____ ("Business Associate") and _____ ("Covered Entity").

Each of Covered Entity and Business Associate may be referenced in this Agreement as a "Party" and collectively as the "Parties."

The Parties, intending to be legally bound, hereby agree as follows:

I. Definitions.

- a. Except as otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings set forth in HIPAA.
- b. "Breach" shall mean the acquisition, access, use or disclosure of Protected Health Information in a manner not permitted by the HIPAA Privacy Rule that compromises the security or privacy of the Protected Health Information as defined, and subject to the exceptions set forth, in 45 CFR § 164.402.
- c. "Electronic Protected Health Information" shall mean Protected Health Information that is transmitted or maintained in Electronic Media.
- d. "HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations, as amended and supplemented by the HITECH Act and its implementing regulations, as each is amended from time to time.
- e. "HIPAA Breach Notification Rule" shall mean the federal breach notification regulations, as amended from time to time, issued under HIPAA and set forth in 45 C.F.R. Part 164 (Subpart D).
- f. "HIPAA Privacy Rule" shall mean the federal privacy regulations, as amended from time to time, issued under HIPAA and set forth in 45 C.F.R. Parts 160 and 164 (Subparts A & E).
- g. "HIPAA Security Rule" shall mean the federal security regulations, as amended from time to time, issued under HIPAA and set forth in 45 C.F.R. Parts 160 and 164 (Subparts A & C).
- h. "HITECH Act" shall mean Subtitle D of the Health Information Technology for Economic and Clinical Health Act provisions of the American Recovery and Reinvestment Act of 2009, 42 U.S.C. §§ 17921-17954, and all its implementing regulations, when and as each is effective and compliance is required.
- i. "Protected Health Information or PHI" shall mean Protected Health Information, as defined in 45 CFR § 160.103, and is limited to the Protected Health Information received,

maintained, created or transmitted on behalf of, Covered Entity by Business Associate in performance of the Underlying Services.

- j. "Underlying Services" shall mean, to the extent and only to the extent they involve the creation, maintenance, use, disclosure or transmission of Protected Health Information, the services performed by Business Associate for Covered Entity pursuant to the Underlying Services Agreement.
- k. "Underlying Services Agreement" shall mean the written agreement(s) (other than this Agreement) by and between the parties as amended as set forth in the attached schedule by and between the Parties pursuant to which Business Associate access to, receives, maintains, creates or transmits PHI for or on behalf of Covered Entity in connection with the provision of the services described in that agreement(s) by Business Associate to Covered Entity or in performance of Business Associate's obligations under such agreement(s).

II. Permitted and Required Uses and Disclosures of Protected Health Information by Business Associate.

- a. Business Associate may use or disclose Protected Health Information solely (1) as necessary to provide the Underlying Services to Covered Entity and in compliance with each applicable requirement of 45 CFR §164.504(e), (2) as Required by Law or (3) as expressly otherwise authorized under this Agreement. Business Associate shall not use or disclose Protected Health Information for any other purpose or in any other manner.
- b. Business Associate may, if necessary, use or disclose Protected Health Information for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate; provided, that (1) any disclosure is Required by Law or (2) Business Associate obtains reasonable advance written assurances from the person or party to whom the Protected Health Information is disclosed that (Y) the Protected Health Information will be held confidentially and used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person or party, and (Z) the person or party immediately notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

III. Obligations of Business Associate.

- a. Business Associate shall use appropriate safeguards, and, comply, where applicable, with the HIPAA Security Rule with respect to Electronic Protected Health Information, to prevent use or disclosure of the information other than as provided for by this Agreement.
- b. Business Associate shall mitigate any harmful effect of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.
- c. Business Associate shall immediately report to Covered Entity: (i) any use or disclosure of Protected Health Information not provided for by this Agreement of which it becomes aware in accordance with 45 CFR §164.504(e)(2)(ii)(C); and/or (ii) any Security Incident of which Business Associate becomes aware in accordance with 45 CFR § 164.314(a)(2)(i)(C).

- d. Business Associate shall notify the Covered Entity within ten (10) days after Business Associate's discovery of any incident that involves an unauthorized acquisition, access, use, or disclosure of Protected Health Information; even if Business Associate believes the incident will not rise to the level of a Breach. Business Associate agrees that such notification will meet the requirements of the HIPAA Breach Notification Rule set forth in 45 CFR § 164.410. Business Associate shall provide to the Covered Entity the names and contact information of all individuals whose Protected Health Information was or is believed to have been involved, all other information reasonably requested by the Covered Entity to enable the Covered Entity to perform and document a risk assessment in accordance with the HIPAA Breach Notification Rule with respect to the incident to determine whether a Breach occurred, and all other information reasonably necessary to provide notice to Individuals, the Department of Health and Human Services and/or the media in accordance with the HIPAA Breach Notification Rule. In the event of an incident that is required to be reported under this Section III(d), Covered Entity shall elect in its sole discretion whether Covered Entity, Business Associate or a third party shall be responsible for conducting an investigation of that incident and providing any required notices as set forth in this Section III(d).
- e. In accordance with 45 CFR 164.502(e)(1)(ii) and 45 CFR 164.308(b)(2), Business Associate shall ensure that any subcontractors that create, receive, maintain, or transmit Protected Health Information on behalf of Business Associate, agree to the same restrictions and conditions, in writing, that apply through this Agreement to Business Associate with respect to such Protected Health Information, including but not limited to the extent that subcontractors create, receive, maintain, or transmit Electronic Protected Health Information on behalf of the Business Associate, it shall require the subcontractors to comply with the HIPAA Security Rule.
- f. To the extent Business Associate is to carry out Covered Entity's obligations under the HIPAA Privacy Rule, Business Associate shall comply with the requirements of the HIPAA Privacy Rule that apply to Covered Entity in the performance of such obligations.
- g. Business Associate shall provide access to Covered Entity, no later than fifteen (15) days after receipt of a request from Covered Entity, to Protected Health Information in a Designated Record Set, or, if requested by Covered Entity, to an Individual, all in accordance with the requirements under 45 CFR § 164.524, including, providing or sending a copy to a designated third party and providing or sending a copy in electronic format, to the extent that the Protected Health Information in Business Associate's possession constitutes a Designated Record Set.
- h. Business Associate shall make available and make any amendment(s) to Protected Health Information in a Designated Record Set within fifteen (15) days after receipt of a request from Covered Entity or an Individual, all in accordance with the requirements of 45 CFR § 164.526.
- i. Business Associate shall document disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR § 164.528 and, as of the date compliance is required by final regulations, 42 U.S.C. § 17935(c).
- j. Business Associate shall make available to Covered Entity, within fifteen (15) after receipt of a request, information collected in accordance with Section III(i) of this Agreement to permit

Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information, or make that information available directly to an Individual, all in accordance with 45 CFR § 164.528 and, as of the date compliance is required by final regulations, 42 U.S.C. § 17935(c).

- k. Business Associate shall notify Covered Entity in writing within three (3) days after Business Associate's receipt directly from an Individual of any request for access to or amendment of Protected Health Information, or an accounting of disclosures, as contemplated in Sections III(g), III(h), III(i) and III(j) of this Agreement.
- l. Business Associate agrees to make its internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Covered Entity or to the Secretary, for purposes of the Secretary determining Covered Entity's compliance with HIPAA.
- m. Business Associate shall request, use and/or disclose only the minimum amount of Protected Health Information necessary to accomplish the purpose of the request, use or disclosure; provided, that Business Associate shall comply with 45 CFR §§ 164.502(b) and 164.514(d).
- n. Business Associate shall not directly or indirectly receive remuneration in exchange for any Protected Health Information as prohibited by 45 CFR § 164.502(a)(5)(ii).
- o. Pursuant to the authorizations obtained by the Covered Entity and in accordance with the terms of 45 CFR §§ 164.508(a)(3), Business Associate may make or cause to be made any marketing communication about a product or service as defined in 45 CFR § 164.501.
- p. Pursuant to the authorization obtained by the Covered Entity and in accordance with the terms of 45 CFR § 164.514(f) Business Associate may make or cause to be made any written fundraising communication.
- q. Business Associate shall take all necessary steps, at the request of Covered Entity, to comply with requests by Individuals not to send Protected Health Information to a Health Plan in accordance with 45 CFR § 164.522(a).
- r. Business Associate shall take reasonable steps to ensure that its employees' actions or omissions do not cause Business Associate to breach the terms of this Agreement or violate provisions of HIPAA that apply to Business Associate.
- s. Notwithstanding anything to the contrary, Business Associate may deidentify any Protected Health Information in accordance with the standard in 45 CFR § 164.514(a). Once data is properly de-identified, Business Associate may use the deidentified information for any lawful purpose and is not required to destroy such information upon termination of this Agreement.

IV. Term and Termination.

- a. The term of this Agreement shall commence as of the Effective Date and shall terminate concurrently with the Underlying Services Agreement unless earlier terminated, by mutual written agreement of the Parties, or in accordance with this Section IV.

- b. Notwithstanding anything in this Agreement to the contrary, if Covered Entity knows of a pattern of activity or practice of Business Associate that constitutes a material breach or violation of this Agreement then Covered Entity shall provide written notice of the breach or violation to Business Associate that specifies the nature of the breach or violation. Business Associate must cure the breach or end the violation on or before thirty (30) days after receipt of the written notice. In the absence of a cure reasonably satisfactory to Covered Entity within the specified timeframe, or in the event the breach is reasonably incapable of cure, then Covered Entity may, terminate this Agreement.
- c. Within thirty (30) days after termination or expiration of this Agreement, Business Associate will return or destroy, if feasible, all Protected Health Information received from or created or received by Business Associate, including all Protected Health Information in possession of Business Associate's agents or subcontractors, on behalf of Covered Entity that Business Associate still maintains in any form and retain no copies of such information. To the extent return or destruction of the Protected Health Information is not feasible, Business Associate shall notify Covered Entity in writing of the reasons return or destruction is not feasible and, if Covered Entity agrees, may retain the Protected Health Information subject to this Section. Under any circumstances, Business Associate shall extend any and all protections, limitations and restrictions contained in this Agreement to Business Associate's use and/or disclosure of any Protected Health Information retained after the expiration or termination of this Agreement, and shall limit further uses and disclosures to those purposes that make the return or destruction of the information not feasible.

V. Miscellaneous.

- a. The Parties to this Agreement do not intend to create any rights in any third parties. The obligations of Business Associate under this Section and Section IV(c) of this Agreement shall survive the expiration, termination, or cancellation of this Agreement, the Service Agreement, and/or the business relationship of the Parties, and shall continue to bind Business Associate, its agents, employees, contractors, successors, and assigns as set forth herein.
- b. This Agreement may be amended or modified only in a writing signed by the Parties. No Party may assign its respective rights and obligations under this Agreement without the prior written consent of the other Party. None of the provisions of this Agreement are intended to create, nor will they be deemed to create any relationship between the Parties other than that of independent parties contracting with each other solely for the purposes of effecting the provisions of this Agreement and any other agreements between the Parties evidencing their business relationship. This Agreement shall be governed by the laws of the State of California. No change, waiver or discharge of any liability or obligation hereunder on any one or more occasions shall be deemed a waiver of performance of any continuing or other obligation, or shall prohibit enforcement of any obligation, on any other occasion. The Parties agree that, in the event that any documentation of the arrangement pursuant to which Business Associate provides Underlying Services to Covered Entity contains provisions relating to the use or disclosure of Protected Health Information which are more restrictive than the provisions of this Agreement, the provisions of the more restrictive documentation will control. The provisions of this Agreement are intended to establish the minimum requirements regarding Business Associate's use and disclosure of Protected Health Information. This Agreement, together with the Underlying Services Agreement, constitutes the entire agreement of the Parties relating to Business Associate's use or disclosure of Protected Health Information.

- c. The terms of this Agreement to the extent they are unclear, shall be construed to allow for compliance by Covered Entity with HIPAA and the HITECH Act. In the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect. In addition, in the event Covered Entity believes in good faith that any provision of this Agreement fails to comply with the then-current requirements of HIPAA, Covered Entity shall notify Business Associate in writing. For a period of up to thirty (30) days, the Parties shall address in good faith such concern and amend the terms of this Agreement, if necessary to bring it into compliance. If, after such thirty-day period, the Agreement fails to comply with the requirements of HIPAA, then Covered Entity has the right to terminate upon written notice to the Business Associate.
- d. Business Associate understands and agrees that it will not assign, delegate, or subcontract any of its rights or obligations under this Agreement to individuals or entities residing outside the United States.
- e. This Agreement may be executed in counterparts, each of which will constitute an original and all of which will be one and same document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

Covered Entity:

Business Associate:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Schedule 1 to the Business Associate Agreement

The Management Services Agreement dated _____ between Covered Entity and Business Associate

EXHIBIT F
WAIVER OF MANAGEMENT SERVICES AGREEMENT

AMENDMENT TO THE ARRAY GROUP, LLC
FRANCHISE AGREEMENT

THIS AMENDMENT ("Amendment") is made and entered into on _____, by and between THE ARRAY GROUP, LLC, a California limited liability company ("Franchisor" or "we" or "us"), and _____, a _____ ("Franchisee" or "you").

RECITALS

A. We and you are parties to an THE ARRAY GROUP, LLC Franchise Agreement dated as of the same date as this Amendment (the "Franchise Agreement"), which awards the right to own, administer, manage and operate an ARRAY SKIN THERAPY Clinic ("Clinic") at a location identified and defined in the Franchise Agreement as the "Premises" and in the area identified and described in the Franchise Agreement as the "Territory." As of the date of this Amendment, the parties contemplate that the Clinic will be located and operated in the State of _____ ("State").

B. We and you wish to amend the terms of the Franchise Agreement as described below.

C. All capitalized terms not defined in this Amendment will have the meaning set forth in the Franchise Agreement.

NOW THEREFORE, we and you, in consideration of the undertakings and commitments of each party to the other party set forth herein and in the Franchise Agreement, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, mutually agree as follows:

1. Franchisee's Representations and Warranties.

(a) You understand and agree that you are solely responsible for operating the Clinic in full compliance with all laws. Applicable laws include the Medical Regulations, as defined in the Franchise Agreement.

(b) You represent and warrant to us that (i) you have conducted independent research regarding the Medical Regulations that are applicable to medical phototherapy services generally, and the Clinic, including retaining the services of qualified professional advisers as necessary; (ii) you have verified that under the Medical Regulations applicable to your Clinic, you are permitted to manage, own, and operate the Clinic, including hiring and overseeing any Clinical Staff and providing medical services to clients at the Clinic.

(c) You have requested that, based on your representations and warranties to us as to the Medical Regulations applicable to your Clinic, we waive the requirements of the Franchise Agreement that you (i) enter into a Management Services Agreement with a PC to provide all medical services at the Clinic; and (ii) refrain from engaging in activities that might constitute the practice of medicine, practice of nursing or hiring and supervising Clinical Staff, subject to all applicable Medical Regulations.

(d) You acknowledge and agree that we are entering into this Amendment in reliance upon your representations and warranties. You understand and agree that your obligations to operate in compliance with Medical Regulations will continue throughout the term of the Franchise Agreement, and if there are any changes in Medical Regulations that would render your operation of the Clinic in violation of any Medical Regulation, you will immediately advise us of such change and of the corrective actions you propose to take in order to come into compliance with Medical Regulations, including (if applicable) entering into a Management Services Agreement with a PC in a form we approve.

(e) You acknowledge and agree that by requesting our permission to allow you to perform all of the activities and obligations of a PC under a Management Services Agreement (rather than enter into a Management Services Agreement with a PC of your choice that would operate the Clinic), you will incur all costs of Clinic operations, including those costs that would otherwise be borne by the PC (such as obtaining all necessary licensing and certification for practicing medicine or nursing and compensation of Clinical Staff).

2. Agreement. Based on your representations and warranties to us above, you and we agree as follows.

(a) At your request, we waive the requirements of the Franchise Agreement that you (i) enter into a Management Services Agreement with a PC to provide all medical services at the Clinic; and (ii) refrain from engaging in activities that might constitute the practice of medicine, practice of nursing or hiring and supervising Clinical Staff, subject to all applicable Medical Regulations.

(b) Instead of entering into the Management Services Agreement with a separate PC, you agree to be solely responsible for operating the Clinic and providing, or arranging for and supervising the provision of, medical services to the clients of the Clinic. These responsibilities include the following:

(i) You will employ, lease or contract with Clinical Staff working in the Clinic. You will have full authority and control over the supervision and professional direction of all Clinical Staff and all professional and employment-related decisions related to such Clinical Staff, including selection, hiring, compensation, promotion, demotion and termination.

(ii) You are and will be responsible for ensuring that (i) each of the Clinical Staff providing services holds an unrestricted license to practice medicine or practice nursing, as applicable, in the State, (ii) prepare and file with the appropriate governmental authority all applicable annual reports and similar documentation, and (iii) the Clinic has such licenses, permits and authorizations as are necessary or appropriate to operate the Clinic under applicable laws. You are and will be responsible for ensuring that all continuing education requirements are met by the Clinical Staff.

(iii) You are and will be responsible for creating and causing the Clinical Staff to create patient records with respect to professional medical services and treatment provided to patients in the Clinic, in a form and manner as required by the Medical Regulation or other applicable law and that is sufficiently documented so as to obtain payment for such services from approved payors. The patient records will be maintained and stored in accordance with applicable law.

(iv) You shall obtain and maintain professional medical liability insurance coverage specified in the Franchise Agreement, as it may be updated from time to time in the Manuals. If permitted by the insurance company, you will cause us to be named as additional insureds.

(c) Any reference in the Franchise Agreement to an obligation of, or requirement applicable to, the PC will be your or, as applicable your Clinical Staff' obligations. Any reference in the Franchise Agreement to the operations of the "Clinic" will include your activities in both managing and providing medical services at the Clinic.

(d) Except as otherwise amended above, the Franchise Agreement is otherwise in full force and effect.

(e) To comply with law, the parties shall enter into the form of Business Associate Agreement attached hereto as Exhibit A.

3. Miscellaneous. In the event of any inconsistency between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum will supersede and control. In all other respects, the terms of the Franchise Agreement are ratified and confirmed. Any capitalized but undefined terms shall have the meaning given to them in the Franchise Agreement. The provisions hereof shall be governed by and construed in accordance with the laws of the State of California. The proper venue for any dispute under this Addendum shall be the venue designated in the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have duly signed, sealed, and delivered this Amendment in duplicate on the day and year first above written.

THE ARRAY GROUP, LLC

[FRANCHISEE]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A to WAIVER OF MANAGEMENT SERVICES AGREEMENT

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement ("Agreement") is entered into as of _____ ("Effective Date") by and between THE ARRAY GROUP, LLC ("Business Associate") and _____ ("Covered Entity").

Each of Covered Entity and Business Associate may be referenced in this Agreement as a "Party" and collectively as the "Parties."

The Parties, intending to be legally bound, hereby agree as follows:

I. Definitions.

- a. Except as otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings set forth in HIPAA.
- b. "Breach" shall mean the acquisition, access, use or disclosure of Protected Health Information in a manner not permitted by the HIPAA Privacy Rule that compromises the security or privacy of the Protected Health Information as defined, and subject to the exceptions set forth, in 45 CFR § 164.402.
- c. "Electronic Protected Health Information" shall mean Protected Health Information that is transmitted or maintained in Electronic Media.
- d. "HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations, as amended and supplemented by the HITECH Act and its implementing regulations, as each is amended from time to time.
- e. "HIPAA Breach Notification Rule" shall mean the federal breach notification regulations, as amended from time to time, issued under HIPAA and set forth in 45 C.F.R. Part 164 (Subpart D).
- f. "HIPAA Privacy Rule" shall mean the federal privacy regulations, as amended from time to time, issued under HIPAA and set forth in 45 C.F.R. Parts 160 and 164 (Subparts A & E).
- g. "HIPAA Security Rule" shall mean the federal security regulations, as amended from time to time, issued under HIPAA and set forth in 45 C.F.R. Parts 160 and 164 (Subparts A & C).
- h. "HITECH Act" shall mean Subtitle D of the Health Information Technology for Economic and Clinical Health Act provisions of the American Recovery and Reinvestment Act of 2009, 42 U.S.C. §§ 17921-17954, and all its implementing regulations, when and as each is effective and compliance is required.
- i. "Protected Health Information or PHI" shall mean Protected Health Information, as defined in 45 CFR § 160.103, and is limited to the Protected Health Information received,

maintained, created or transmitted on behalf of, Covered Entity by Business Associate in performance of the Underlying Services.

- j. "Underlying Services" shall mean, to the extent and only to the extent they involve the creation, maintenance, use, disclosure or transmission of Protected Health Information, the services performed by Business Associate for Covered Entity pursuant to the Underlying Services Agreement.
- k. "Underlying Services Agreement" shall mean the written agreement(s) (other than this Agreement) by and between the parties as amended as set forth in the attached schedule by and between the Parties pursuant to which Business Associate access to, receives, maintains, creates or transmits PHI for or on behalf of Covered Entity in connection with the provision of the services described in that agreement(s) by Business Associate to Covered Entity or in performance of Business Associate's obligations under such agreement(s).

II. Permitted and Required Uses and Disclosures of Protected Health Information by Business Associate.

- a. Business Associate may use or disclose Protected Health Information solely (1) as necessary to provide the Underlying Services to Covered Entity and in compliance with each applicable requirement of 45 CFR §164.504(e), (2) as Required by Law or (3) as expressly otherwise authorized under this Agreement. Business Associate shall not use or disclose Protected Health Information for any other purpose or in any other manner.
- b. Business Associate may, if necessary, use or disclose Protected Health Information for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate; provided, that (1) any disclosure is Required by Law or (2) Business Associate obtains reasonable advance written assurances from the person or party to whom the Protected Health Information is disclosed that (Y) the Protected Health Information will be held confidentially and used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person or party, and (Z) the person or party immediately notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

III. Obligations of Business Associate.

- a. Business Associate shall use appropriate safeguards, and, comply, where applicable, with the HIPAA Security Rule with respect to Electronic Protected Health Information, to prevent use or disclosure of the information other than as provided for by this Agreement.
- b. Business Associate shall mitigate any harmful effect of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.
- c. Business Associate shall immediately report to Covered Entity: (i) any use or disclosure of Protected Health Information not provided for by this Agreement of which it becomes aware in accordance with 45 CFR §164.504(e)(2)(ii)(C); and/or (ii) any Security Incident of which Business Associate becomes aware in accordance with 45 CFR § 164.314(a)(2)(i)(C).

- d. Business Associate shall notify the Covered Entity within ten (10) days after Business Associate's discovery of any incident that involves an unauthorized acquisition, access, use, or disclosure of Protected Health Information; even if Business Associate believes the incident will not rise to the level of a Breach. Business Associate agrees that such notification will meet the requirements of the HIPAA Breach Notification Rule set forth in 45 CFR § 164.410. Business Associate shall provide to the Covered Entity the names and contact information of all individuals whose Protected Health Information was or is believed to have been involved, all other information reasonably requested by the Covered Entity to enable the Covered Entity to perform and document a risk assessment in accordance with the HIPAA Breach Notification Rule with respect to the incident to determine whether a Breach occurred, and all other information reasonably necessary to provide notice to Individuals, the Department of Health and Human Services and/or the media in accordance with the HIPAA Breach Notification Rule. In the event of an incident that is required to be reported under this Section III(d), Covered Entity shall elect in its sole discretion whether Covered Entity, Business Associate or a third party shall be responsible for conducting an investigation of that incident and providing any required notices as set forth in this Section III(d).
- e. In accordance with 45 CFR 164.502(e)(1)(ii) and 45 CFR 164.308(b)(2), Business Associate shall ensure that any subcontractors that create, receive, maintain, or transmit Protected Health Information on behalf of Business Associate, agree to the same restrictions and conditions, in writing, that apply through this Agreement to Business Associate with respect to such Protected Health Information, including but not limited to the extent that subcontractors create, receive, maintain, or transmit Electronic Protected Health Information on behalf of the Business Associate, it shall require the subcontractors to comply with the HIPAA Security Rule.
- f. To the extent Business Associate is to carry out Covered Entity's obligations under the HIPAA Privacy Rule, Business Associate shall comply with the requirements of the HIPAA Privacy Rule that apply to Covered Entity in the performance of such obligations.
- g. Business Associate shall provide access to Covered Entity, no later than fifteen (15) days after receipt of a request from Covered Entity, to Protected Health Information in a Designated Record Set, or, if requested by Covered Entity, to an Individual, all in accordance with the requirements under 45 CFR § 164.524, including, providing or sending a copy to a designated third party and providing or sending a copy in electronic format, to the extent that the Protected Health Information in Business Associate's possession constitutes a Designated Record Set.
- h. Business Associate shall make available and make any amendment(s) to Protected Health Information in a Designated Record Set within fifteen (15) days after receipt of a request from Covered Entity or an Individual, all in accordance with the requirements of 45 CFR § 164.526.
- i. Business Associate shall document disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR § 164.528 and, as of the date compliance is required by final regulations, 42 U.S.C. § 17935(c).
- j. Business Associate shall make available to Covered Entity, within fifteen (15) after receipt of a request, information collected in accordance with Section III(i) of this Agreement to permit

Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information, or make that information available directly to an Individual, all in accordance with 45 CFR § 164.528 and, as of the date compliance is required by final regulations, 42 U.S.C. § 17935(c).

- k. Business Associate shall notify Covered Entity in writing within three (3) days after Business Associate's receipt directly from an Individual of any request for access to or amendment of Protected Health Information, or an accounting of disclosures, as contemplated in Sections III(g), III(h), III(i) and III(j) of this Agreement.
- l. Business Associate agrees to make its internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Covered Entity or to the Secretary, for purposes of the Secretary determining Covered Entity's compliance with HIPAA.
- m. Business Associate shall request, use and/or disclose only the minimum amount of Protected Health Information necessary to accomplish the purpose of the request, use or disclosure; provided, that Business Associate shall comply with 45 CFR §§ 164.502(b) and 164.514(d).
- n. Business Associate shall not directly or indirectly receive remuneration in exchange for any Protected Health Information as prohibited by 45 CFR § 164.502(a)(5)(ii).
- o. Pursuant to the authorizations obtained by the Covered Entity and in accordance with the terms of 45 CFR §§ 164.508(a)(3), Business Associate may make or cause to be made any marketing communication about a product or service as defined in 45 CFR § 164.501.
- p. Pursuant to the authorization obtained by the Covered Entity and in accordance with the terms of 45 CFR § 164.514(f) Business Associate may make or cause to be made any written fundraising communication.
- q. Business Associate shall take all necessary steps, at the request of Covered Entity, to comply with requests by Individuals not to send Protected Health Information to a Health Plan in accordance with 45 CFR § 164.522(a).
- r. Business Associate shall take reasonable steps to ensure that its employees' actions or omissions do not cause Business Associate to breach the terms of this Agreement or violate provisions of HIPAA that apply to Business Associate.
- s. Notwithstanding anything to the contrary, Business Associate may deidentify any Protected Health Information in accordance with the standard in 45 CFR § 164.514(a). Once data is properly de-identified, Business Associate may use the deidentified information for any lawful purpose and is not required to destroy such information upon termination of this Agreement.

IV. Term and Termination.

- a. The term of this Agreement shall commence as of the Effective Date and shall terminate concurrently with the Underlying Services Agreement unless earlier terminated, by mutual written agreement of the Parties, or in accordance with this Section IV.

- b. Notwithstanding anything in this Agreement to the contrary, if Covered Entity knows of a pattern of activity or practice of Business Associate that constitutes a material breach or violation of this Agreement then Covered Entity shall provide written notice of the breach or violation to Business Associate that specifies the nature of the breach or violation. Business Associate must cure the breach or end the violation on or before thirty (30) days after receipt of the written notice. In the absence of a cure reasonably satisfactory to Covered Entity within the specified timeframe, or in the event the breach is reasonably incapable of cure, then Covered Entity may, terminate this Agreement.
- c. Within thirty (30) days after termination or expiration of this Agreement, Business Associate will return or destroy, if feasible, all Protected Health Information received from or created or received by Business Associate, including all Protected Health Information in possession of Business Associate's agents or subcontractors, on behalf of Covered Entity that Business Associate still maintains in any form and retain no copies of such information. To the extent return or destruction of the Protected Health Information is not feasible, Business Associate shall notify Covered Entity in writing of the reasons return or destruction is not feasible and, if Covered Entity agrees, may retain the Protected Health Information subject to this Section. Under any circumstances, Business Associate shall extend any and all protections, limitations and restrictions contained in this Agreement to Business Associate's use and/or disclosure of any Protected Health Information retained after the expiration or termination of this Agreement, and shall limit further uses and disclosures to those purposes that make the return or destruction of the information not feasible.

V. Miscellaneous.

- a. The Parties to this Agreement do not intend to create any rights in any third parties. The obligations of Business Associate under this Section and Section IV(c) of this Agreement shall survive the expiration, termination, or cancellation of this Agreement, the Service Agreement, and/or the business relationship of the Parties, and shall continue to bind Business Associate, its agents, employees, contractors, successors, and assigns as set forth herein.
- b. This Agreement may be amended or modified only in a writing signed by the Parties. No Party may assign its respective rights and obligations under this Agreement without the prior written consent of the other Party. None of the provisions of this Agreement are intended to create, nor will they be deemed to create any relationship between the Parties other than that of independent parties contracting with each other solely for the purposes of effecting the provisions of this Agreement and any other agreements between the Parties evidencing their business relationship. This Agreement shall be governed by the laws of the State of California. No change, waiver or discharge of any liability or obligation hereunder on any one or more occasions shall be deemed a waiver of performance of any continuing or other obligation, or shall prohibit enforcement of any obligation, on any other occasion. The Parties agree that, in the event that any documentation of the arrangement pursuant to which Business Associate provides Underlying Services to Covered Entity contains provisions relating to the use or disclosure of Protected Health Information which are more restrictive than the provisions of this Agreement, the provisions of the more restrictive documentation will control. The provisions of this Agreement are intended to establish the minimum requirements regarding Business Associate's use and disclosure of Protected Health Information. This Agreement, together with the Underlying Services Agreement, constitutes the entire agreement of the Parties relating to Business Associate's use or disclosure of Protected Health Information.

- c. The terms of this Agreement to the extent they are unclear, shall be construed to allow for compliance by Covered Entity with HIPAA and the HITECH Act. In the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect. In addition, in the event Covered Entity believes in good faith that any provision of this Agreement fails to comply with the then-current requirements of HIPAA, Covered Entity shall notify Business Associate in writing. For a period of up to thirty (30) days, the Parties shall address in good faith such concern and amend the terms of this Agreement, if necessary to bring it into compliance. If, after such thirty-day period, the Agreement fails to comply with the requirements of HIPAA, then Covered Entity has the right to terminate upon written notice to the Business Associate.
- d. Business Associate understands and agrees that it will not assign, delegate, or subcontract any of its rights or obligations under this Agreement to individuals or entities residing outside the United States.
- e. This Agreement may be executed in counterparts, each of which will constitute an original and all of which will be one and same document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

Covered Entity:

By: _____

Name: _____

Title: _____

Date: _____

Business Associate:

THE ARRAY GROUP, LLC

By: _____

Name: _____

Title: _____

Date: _____

Schedule 1

The Franchise Agreement between THE ARRAY GROUP, LLC and _____
dated _____

EXHIBIT G
STATE ADDENDA

STATE OF CALIFORNIA

If your franchise is located in California, the following will apply:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

1. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

2. No person or franchise broker listed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a, et seq., suspending or expelling such persons from membership in such association or exchange.

3. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

4. Item 17 Additional Paragraphs:

- A. California Business and Professional Code Sections §§ 20000 through 20043 provide rights to the franchisee concerning the termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
- B. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, et seq.).
- C. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- D. The franchise agreement requires litigation to occur in California with the costs being borne by each party, unless the disputed provision in the franchise agreement provides for payment by the losing party of the prevailing party's attorneys' fees and costs of litigation. This provision may not be enforceable under California law.
- E. The franchise agreement requires application of the laws of California. This provision may not be enforceable under California law.

5. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to

any provisions of a franchise agreement restricting venue to a forum outside the State of California. The franchise agreement requires binding arbitration. The arbitration will occur at Orange County, California with the costs being borne by the prevailing party.

6. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

7. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

8. In registering this franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with state and federal licensing and regulatory requirements relating to the practice of medicine. You should consult with your attorney concerning these laws, regulations, and ordinances that may affect the operation of your business. If the California Medical Board, or any other agency overseeing the practice of medicine in this state, determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the franchised business in California. This may result in the termination of your franchise and loss of your investment.

9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT

THE ARRAY GROUP, LLC and the undersigned franchisee have entered into an ARRAY SKIN THERAPY franchise agreement ("Franchise Agreement") and desire to amend its terms as set forth below. The parties hereto agree as follows:

1. The following statement is hereby added to the Franchise Agreement:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have caused this addendum to be duly signed as of _____.

THE ARRAY GROUP, LLC

FRANCHISEE (Print Name)

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. The following is added to the Franchise Disclosure Document:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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ARRAY SKIN THERAPY FRANCHISE OPERATIONS MANUAL

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FINANCIAL STATEMENTS

THE ARRAY GROUP, LLC

FINANCIAL REPORT
AS OF DECEMBER 31, 2022



THE ARRAY GROUP, LLC

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To the Members
The Array Group, LLC
Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of The Array Group, LLC as of December 31, 2022, and 2021 and the related statements of operations, members' equity, and cash flows for the year ended December 31, 2022, and the period from September 28, 2021 (Inception) through December 31, 2021, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Array Group, LLC as of December 31, 2022, and 2021 and the results of their operations and their cash flows for the year ended December 31, 2022, and the period from September 28, 2021 (Inception) through December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Array Group, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Array Group, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Array Group, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Array Group, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Reese CPA LLC

Ft. Collins, Colorado
February 7, 2023

THE ARRAY GROUP, LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2022 AND 2021

ASSETS:

CURRENT ASSETS

Cash and equivalents	\$	88,503
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TOTAL CURRENT ASSETS		88,503
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NON-CURRENT ASSETS

Intangible assets		85,856
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TOTAL ASSETS	\$	174,359
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LIABILITIES AND MEMBERS' EQUITY:

CURRENT LIABILITIES

Accounts payable	\$	5,178
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Non-refundable deferred franchise fees, current		2,500
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TOTAL CURRENT LIABILITIES		7,678
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NON-CURRENT LIABILITIES

Non-refundable deferred franchise fees		-
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TOTAL LIABILITIES		29,553
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MEMBERS' EQUITY		144,806
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TOTAL LIABILITIES AND MEMBERS' EQUITY	\$	174,359
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The accompanying notes are an integral part of these financial statements.

THE ARRAY GROUP, LLC
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022 AND THE PERIOD
FROM SEPTEMBER 28, 2021 (INCEPTION) THROUGH DECEMBER 31, 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Franchise fees	\$ 625	\$ -
OPERATING EXPENSES		
Advertising and promotion	46,796	-
General and administrative	18,332	4,070
Professional fees	11,126	50,976
Amortization expense	4,519	-
TOTAL OPERATING EXPENSES	<u>80,773</u>	<u>55,046</u>
OPERATING (LOSS)	(80,148)	(55,046)
OTHER INCOME (EXPENSE)	-	-
NET (LOSS)	<u>\$ (80,148)</u>	<u>\$ (55,046)</u>

The accompanying notes are an integral part of these financial statements.

THE ARRAY GROUP, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022 AND THE PERIOD
FROM SEPTEMBER 28, 2021 (INCEPTION) THROUGH DECEMBER 31, 2021

	<u>Member Contributions</u>	<u>Accumulated (Deficit)</u>	<u>Total Members' Equity</u>
BALANCE, SEPTEMBER 28, 2021 (INCEPTION)	\$ -	\$ -	\$ -
Member contributions	280,000	-	280,000
Net (loss)	-	(55,046)	(55,046)
BALANCE, DECEMBER 31, 2021	<u>280,000</u>	<u>(55,046)</u>	<u>224,954</u>
Net (loss)	-	(80,148)	(80,148)
BALANCE, DECEMBER 31, 2021	<u><u>\$ 280,000</u></u>	<u><u>\$ (135,194)</u></u>	<u><u>\$ 144,806</u></u>

The accompanying notes are an integral part of these financial statements.

THE ARRAY GROUP, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022 AND THE PERIOD
FROM SEPTEMBER 28, 2021 (INCEPTION) THROUGH DECEMBER 31, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (80,148)	\$ (55,046)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization expense	4,519	
Recognition of non-refundable deferred franchise fees	-625	
Changes in assets and liabilities:		
Accrued liabilities	-	-
Prepaid expense		
Deferred franchise sale costs		
Accounts payable	(2,322)	7,500
Non-refundable deferred franchise fees	25000	
Net cash used for operating activities	<u>(53,576)</u>	<u>(47,546)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	-	(90,375)
Net cash used for investing activities	<u>-</u>	<u>(90,375)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Member contributions	-	280,000
Net cash provided by financing activities	<u>-</u>	<u>280,000</u>
NET INCREASE IN CASH	(53,576)	142,079
CASH, BEGINNING	<u>142,079</u>	<u>-</u>
CASH, ENDING	<u>\$ 88,503</u>	<u>\$ 142,079</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

THE ARRAY GROUP, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Array Group, LLC ("Company") was formed on September 28, 2021, (Inception) in the State of California as a limited liability company. The Company grants franchises for the right to operate a business that offers medical phototherapy services, focusing on treatment for psoriasis, vitiligo, eczema, alopecia areata, and other autoimmune skin disorders (a "Clinic"). Clinics will be able to provide safe, noninvasive, and effective treatments for people who suffer from common skin conditions.

Affiliate

Array Management, LLC ("AM LLC") was formed on July 8, 2011, in the state of California as a limited liability company and operates five Array Skin Therapy clinics in California similar to the franchise offered. AM LLC is the owner of the intellectual property that is licensed to the Company and its franchisees.

The above affiliate does not sell franchises in any other line of business and is not otherwise engaged in any other business activity.

The following table summarizes the number of locations open and operating for the year ended December 31, 2022, and the period from September 28, 2021 (Inception) through December 31, 2021:

	2022	2021
Locations in operation, beginning	5	5
Locations opened	-	-
Locations terminated or closed	-	-
Locations in operation, ending	5	5
Franchised locations	-	-
Affiliate owned locations	5	5

A summary of significant accounting policies follows:

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

THE ARRAY GROUP, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2022, and 2021.

Accounts Receivable

The timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2022, and 2021 and did not charge-off any accounts receivable for the year ended December 31, 2022, and the period from September 28, 2021 (Inception) through December 31, 2021.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at December 31, 2021.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. T

THE ARRAY GROUP, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The members of the Company have elected to be taxed as a partnership under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax return of its members and no provisions for federal or state taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's members. The Company's evaluation was performed for the year ended December 31, 2022, and the period from September 28, 2021 (Inception) through December 31, 2021 for U.S. Federal Income Tax and for the State of California Income Tax.

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers". The Company's revenue mainly consists of franchise fees and royalties.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently 10 years.

When a franchisee purchases an Array franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos ("the license"). The license is symbolic intellectual property. Revenues related to the license are continuing royalties and range from \$2,500 to \$6,000 per month based on the number of years of ownership. These revenues will be used to continue the development of the Company's brand, the franchise system and provide on-going support for the Company's franchisees. The royalties are billed monthly and are recognized as revenue when earned. The Company has no revenue from royalties for the year ended December 31, 2022, and the period from September 28, 2021 (Inception) through December 31, 2021.

Brand Fund Contribution

The Company will collect a brand fund fee of \$170 to \$500 per month, depending on length of ownership. The Company had no contributions to the fund for the year ended December 31, 2022, and the period from September 28, 2021 (Inception) through December 31, 2021.

THE ARRAY GROUP, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense the period for the year ended December 31, 2022, and the period from September 28, 2021 (Inception) through December 31, 2021 was \$46,796 and \$0.

Fair Value of Financial Instruments

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently Issued Accounting Pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company has recorded a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity for the years ended December 31, are as follows:

	December 31, 2022	2021
Deferred Non-refundable Franchise Fees:		
Balance beginning of year	\$ -	\$ -
Deferral of non-refundable franchise fees	25,000	-
Recognition of non-refundable franchise fees	(625)	-
Balance at end of year	<u>\$ 24,375</u>	<u>\$ -</u>

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the year ended December 31, 2022, and the period from September 28, 2021 (Inception) through December 31, 2021, is as follows:

	2022	2021
Performance obligations satisfied at a point in time	\$ -	\$ -
Performance obligations satisfied through the passage of time	625	-
Total revenues	<u>\$ 625</u>	<u>\$ -</u>

THE ARRAY GROUP, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACTS WITH CUSTOMERS (CONTINUED)

Estimated Recognition of Deferred Franchise Fees

Estimated revenues and franchise acquisition costs to be recognized in future periods related to deferred franchise fees reported as of December 31, 2022, is as follows:

	Non-refundable Franchise Fees
Year ending December 31:	
2023	\$ 2,500
2024	2,500
2025	2,500
2026	2,500
2027	2,500
Thereafter	11,875
	<u>\$ 24,375</u>

NOTE 3 – INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

	2022	2021
Franchise development costs	\$ 90,375	\$ 90,375
Accumulated amortization	(4,519)	-
	<u>\$ 85,856</u>	<u>\$ 90,375</u>

Amortization expense was \$4,519, and \$0 for the year ended December 31, 2022, and the period from September 28, 2021 (Inception) through December 31, 2021. Estimated amortization expense for the next five succeeding years is expected to be approximately \$18,000 per year.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 5 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through February 7, 2022, the date on which the financial statements were available to be issued.

THE ARRAY GROUP, LLC

FINANCIAL REPORT
AS OF DECEMBER 31, 2021



THE ARRAY GROUP, LLC

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Independent Auditor's Report

To the Members
The Array Group, LLC
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying balance sheet of The Array Group, LLC as of December 31, 2021 and the related statements of operations, members' equity, and cash flows for the period from September 28, 2021 (Inception) through December 31, 2021, and the notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Array Group, LLC as of December 31, 2021 and the results of their operations and their cash flows for the period from September 28, 2021 (Inception) through December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Reese CPA LLC

Thornton, Colorado
January 19, 2022

15953 Fillmore Street • Thornton, CO 80602
Office: (303) 999-6485 • Fax (303) 284-5041

THE ARRAY GROUP, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2021

ASSETS:

CURRENT ASSETS

Cash and equivalents	\$	142,079
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TOTAL CURRENT ASSETS		142,079
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NON-CURRENT ASSETS

Intangible assets		90,375
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TOTAL ASSETS	\$	232,454
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LIABILITIES AND MEMBERS' EQUITY:

CURRENT LIABILITIES

Accounts payable	\$	7,500
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TOTAL CURRENT LIABILITIES		7,500
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NON-CURRENT LIABILITIES

		-
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TOTAL LIABILITIES		7,500
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MEMBERS' EQUITY

		224,954
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TOTAL LIABILITIES AND MEMBERS' EQUITY	\$	232,454
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The accompanying notes are an integral part of these financial statements.

THE ARRAY GROUP, LLC
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM SEPTEMBER 28, 2021 (INCEPTION)
THROUGH DECEMBER 31, 2021

REVENUES	\$ -
OPERATING EXPENSES	
General and administrative	4,070
Professional fees	50,976
TOTAL OPERATING EXPENSES	<u>55,046</u>
OPERATING (LOSS) INCOME	(55,046)
OTHER INCOME (EXPENSE)	-
NET (LOSS) INCOME	<u><u>\$ (55,046)</u></u>

The accompanying notes are an integral part of these financial statements.

THE ARRAY GROUP, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE PERIOD FROM SEPTEMBER 28, 2021 (INCEPTION)
THROUGH DECEMBER 31, 2021

	<u>Member Contributions</u>	<u>Accumulated Earnings (Deficit)</u>	<u>Total Members' Equity</u>
BALANCE, SEPTEMBER 28, 2021 (INCEPTION)	\$ -	\$ -	\$ -
Member contributions	280,000	-	280,000
Net (loss)	-	(55,046)	(55,046)
BALANCE, DECEMBER 31, 2021	<u><u>\$ 280,000</u></u>	<u><u>\$ (55,046)</u></u>	<u><u>\$ 224,954</u></u>

The accompanying notes are an integral part of these financial statements.

THE ARRAY GROUP, LLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM SEPTEMBER 28, 2021 (INCEPTION)
THROUGH DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$	(55,046)
Adjustments to reconcile net income to net cash provided by operating activities:		-
Changes in assets and liabilities:		
Accounts payable		7,500
Net cash used for operating activities		<u>(47,546)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets		<u>(90,375)</u>
Net cash used for investing activities		<u>(90,375)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Member contributions		<u>280,000</u>
Net cash provided by financing activities		<u>280,000</u>
NET INCREASE IN CASH		142,079
CASH, BEGINNING		<u>-</u>
CASH, ENDING	\$	<u><u>142,079</u></u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$	-
Cash paid for taxes	\$	-

The accompanying notes are an integral part of these financial statements.

**THE ARRAY GROUP, LLC
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Array Group, LLC ("Company") was formed on September 28, 2021, (Inception) in the State of California as a limited liability company. The Company grants franchises for the right to operate a business that offers medical phototherapy services, focusing on treatment for psoriasis, vitiligo, eczema, alopecia areata, and other autoimmune skin disorders (a "Clinic"). Clinics will be able to provide safe, noninvasive, and effective treatments for people who suffer from common skin conditions.

Affiliate

Array Management, LLC ("AM LLC") was formed on July 8, 2011, in the state of California as a limited liability company and operates five Array Skin Therapy clinics in California similar to the franchise offered. AM LLC is the owner of the intellectual property that is licensed to the Company and its franchisees.

The above affiliate does not sell franchises in any other line of business and is not otherwise engaged in any other business activity.

The following table summarizes the number of locations open and operating for the period from September 28, 2021 (Inception) through December 31, 2021:

Locations in operation, beginning	5
Locations opened	-
Locations terminated or closed	-
Locations in operation, ending	<u>5</u>
Franchised locations	-
Affiliate owned locations	5

A summary of significant accounting policies follows:

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

THE ARRAY GROUP, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Development Stage Operations

The Company's planned franchising activities, as previously described, have not yet commenced. Since its inception the Company has not sold any franchises or earned any revenue. The Company's activities are subject to significant risks and uncertainties, including failing to secure additional capital to fund operations until the Company achieves break-even operational status.

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2021.

Accounts Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2021 and did not charge-off any accounts receivable during the period from September 28, 2021 (Inception) through December 31, 2021.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at December 31, 2021.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had \$90,375 in franchise development costs at December 31, 2021. Amortization will begin once the first franchise is sold.

THE ARRAY GROUP, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The members of the Company have elected to be taxed as a partnership under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax return of its members and no provisions for federal or state taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's members. The Company's evaluation was performed for the period from September 28, 2021 (Inception) through December 31, 2021 for U.S. Federal Income Tax and for the State of California Income Tax.

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers". The Company's revenue mainly consists of franchise fees and royalties.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently 10 years.

When a franchisee purchases an Array franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos ("the license"). The license is symbolic intellectual property. Revenues related to the license are continuing royalties and range from \$2,500 to \$6,000 per month based on the number of years of ownership. These revenues will be used to continue the development of the Company's brand, the franchise system and provide on-going support for the Company's franchisees. The royalties are billed monthly and are recognized as revenue when earned. The Company has no revenue from royalties during the period from September 28, 2021 (Inception) through December 31, 2021.

Brand Fund Contribution

The Company will collect a brand fund fee of \$170 to \$500 per month, depending on length of ownership. The Company had no contributions to the fund for the period from September 28, 2021 (Inception) through December 31, 2021.

THE ARRAY GROUP, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense the period from September 28, 2021 (Inception) through December 31, 2021 was \$0.

Fair Value of Financial Instruments

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently Issued Accounting Pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 3 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through January 19, 2022, the date on which the financial statements were available to be issued.

EXHIBIT J
SBA ADDENDUM

SOP 50-10 5(j)

Appendix 9



ADDENDUM TO FRANCHISE¹ AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Franchisor"), located at _____, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20____, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional

¹ While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

Effective Date: January 1, 2018

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renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

Authorized Representative of FRANCHISOR:

By: _____

Print Name: _____

Title:

Authorized Representative of FRANCHISEE:

By:

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements

Effective Date: January 1, 2018

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**EXHIBIT K
GENERAL RELEASE**

**[SAMPLE OF GENERAL RELEASE APPLICABLE UPON TRANSFER OR GRANTING OF
SUCCESSOR FRANCHISE. NOT FOR EXECUTION WITH THE FRANCHISE AGREEMENT]**

FOR AND IN CONSIDERATION of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, the parties agree and covenant to fully and mutually release the other as follows:

1. The Franchisee, its owners, and guarantors (on behalf of themselves and their respective predecessors, parents, affiliates, subsidiaries, shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, personal representatives, heirs, executors, administrators, successors, and assigns (collectively, the "Franchisee Parties") do hereby release and forever discharge Franchisor; Franchisor's predecessors, parents, affiliates, and subsidiaries; and their respective shareholders, members, partners, officers, directors, managers, employees, agents, representatives, attorneys, accountants, guarantors, successors, and assigns, in both their corporate and individual capacities (collectively, the "Franchisor Parties") from any and all claims, demands, damages, actions, causes of action, or suits of any kind or nature whatsoever, both known and unknown, including, without limitation: (a) arising out of or related to the Franchisor Parties' obligations under the franchise agreement or (b) otherwise arising from or related to the Franchisee Parties' relationship, from the beginning of time to the date of Franchisee's signature below, with any of the Franchisor Parties.

2. Franchisee, on its own behalf and on behalf of the other Franchisee Parties, further covenant not to sue any of the Franchisor Parties on any of the claims released by the preceding paragraph and represent that Franchisee has not assigned any such claims released by the preceding paragraph to any individual or entity who is not bound by this Release. It is understood and agreed that this Release is not to be construed as an admission of liability with respect to the Franchisor Parties.

3. The consideration expressly mentioned herein is the only consideration paid or to be paid by said parties hereby released. The parties acknowledge that no other party, or agent, or attorney of any other party, has made any promise, or representation or warranty to induce this Release, not herein expressly set forth, and no such promises, representations or warranties are relied upon as a consideration for this Release, or otherwise, but any and all of the parties' respective claims, of whatever nature are hereby fully and forever released, compromised and settled. Full and complete compromise, settlement, and accord and satisfaction are hereby acknowledged, and it is expressly agreed by the undersigned parties never to sue any of the other parties hereby released on any alleged promise, representation or warranty for this Release not herein expressly set forth.

4. This Agreement contains the entire agreement and understanding between the parties as to the matters specified herein and supersedes and replaces all agreements on

this subject matter, whether written or oral. The terms contained herein may not be modified or amended except in writing signed by the parties. The terms of this Release are contractual and not a mere recital.

5. The undersigned further state that they have carefully read the foregoing instrument; that they know the contents thereof; that they understand and agree to each and every term and condition contained herein; that they signed the same as their own free act and deed; and that they have not assigned any rights released hereunder to any person or organization, private or governmental.

6. The parties hereby covenant and agree that each shall not make, at any time or place, any disparaging remarks, verbally or in writing, concerning any of the parties' actions or perceived omissions, regarding any matter connected with this Release Agreement or otherwise take any action that would disparage or cast doubt upon the business acumen or judgment of any other party. Each party understands and acknowledges that each other party's business and reputation are of special, unique, and extraordinary character, which gives them a particular value, the loss of which cannot reasonably be compensated in damages in an action at law. Accordingly, each party further agrees that in addition to any other rights or remedies that any other party may possess at law, any aggrieved party shall be entitled to injunctive and other equitable relief in order to prevent or remedy a breach of the provisions of this Agreement by any other party hereto.

7. The terms of this Release arose from discussions between the parties. Accordingly, no claimed ambiguity in this Release shall be construed against any party claimed to have drafted or proposed the language in question.

8. This Release shall be governed by and construed pursuant to the laws of the State of California.

9. This Release may be executed in two copies, each of which shall be deemed an original.

IF THE FRANCHISED BUSINESS FRANCHISEE OPERATES UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF FRANCHISEE IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS FRANCHISEE'S INTENTION, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY FRANCHISEE OR THE FRANCHISEE PARTIES. FRANCHISEE RECOGNIZES THAT FRANCHISEE OR THE FRANCHISEE PARTIES MAY HAVE SOME CLAIM, DEMAND OR CAUSE OF ACTION AGAINST THE FRANCHISOR PARTIES OF WHICH FRANCHISEE, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH FRANCHISEE, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS FRANCHISEE'S INTENTION, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE

FRANCHISEE, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT FRANCHISEE, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, FRANCHISEE, ON FRANCHISEE'S OWN BEHALF AND ON BEHALF OF THE FRANCHISEE PARTIES, EXPRESSLY WAIVES ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN THE CREDITOR'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY THE CREDITOR MUST HAVE MATERIALLY AFFECTED THE CREDITOR'S SETTLEMENT WITH THE DEBTOR."

FRANCHISEE ACKNOWLEDGES AND REPRESENTS THAT FRANCHISEE HAS CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT FRANCHISEE UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENTS THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the Franchised Business is located in Maryland or if Franchisee is a resident of Maryland, the following shall apply: Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

All releases given by the Parties are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Parties represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Releasing Parties, in the Releasing Parties independent judgment, believe necessary or appropriate.

[FRANCHISEE]

THE ARRAY GROUP, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	May 8, 2023
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Pending
Michigan	Not Registered
Minnesota	Not Registered
New York	Pending
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT L
RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If THE ARRAY GROUP, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If THE ARRAY GROUP, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is:

☐	☐	☐	☐
Kristen Miller 2990 S. Sepulveda, Suite 208 Los Angeles, CA 90064 213-669-5151	Ann Beyer 2990 S. Sepulveda, Suite 208 Los Angeles, CA 90064 213-669-5151	Bevens Goodman 2990 S. Sepulveda, Suite 208 Los Angeles, CA 90064 213-669-5151	Vonda Oropeza 2990 S. Sepulveda, Suite 208 Los Angeles, CA 90064 213-669-5151

Issuance Date: April 19, 2023

See Exhibit A for our registered agent authorized to receive service of process.

I have received a disclosure document dated April 19, 2023 that included the following Exhibits: Exhibit A: Federal and State Regulatory Authorities; Exhibit B: Current Franchisees; Exhibit C: Former Franchisees; Exhibit D: Franchise Agreement (with attachments); Exhibit E: Management Services Agreement (with attachments); Exhibit F: Waiver of Management Services Agreement; Exhibit G: State Addenda; Exhibit H: Table of Contents for Operations Manual; Exhibit I: Financial Statements; Exhibit J: SBA Addendum; Exhibit K: General Release; Exhibit L: Receipt.

Date

Prospective Franchisee

You may return one copy of this receipt by signing, dating and mailing it to THE ARRAY GROUP, LLC, Franchise Administration, at 2990 S. Sepulveda, Suite 208, Los Angeles, CA 90064, 213-669-5151, or by sending it via email to info@arrayfranchise.com.

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